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Electoral Commission workers carrying blank ballots that were delivered Friday by army helicopter in Ubombo, in northern Natal Province. The voting was extended there.

With Voting Seen as Fair, South Africans Turn to Count

By Paul Taylor

Washington Post Service

JOHANNESBURG — South Africa's first multiracial election ended Friday with praise for the voters, legitimacy bestowed on the process and some worry about the counting.

President Frederik W. de Klerk, Nelson Mandela and the chairman of the Independent Electoral Commission, Judge Johann Krieger, all said Friday that in spite of widespread irregularities, they had no reason to doubt that the election would be declared free and fair.

Mr. Mandela and Mr. de Klerk — partners in negotiations, opponents during the campaign, and most likely partners again in the new coalition government — moved quickly to sound post-election notes of national reconciliation.

"Unless we promote mutual trust, it will be difficult to face the problems of the country," said Mr. Mandela, the president of the African National Congress, who is expected to be inaugurated as the country's first black president on May 10.

Mr. de Klerk, who is expected to serve as one of Mr. Mandela's two deputy presidents, said South Africa had "launched itself into a new era."

"Now is the time to rise above our differences and concentrate on how we can work together," he said.

Judge Krieger described the four days of voting as an "outstanding success." He said credit belonged not to the Electoral Commission, which he acknowledged had mismanaged the election, but to the millions of

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U.S. to Give Hata Cabinet Breather on Foreign Bids

Nothing to Gain Now, Officials Assert After Tokyo Pleads for Time

By Peter Behr

Washington Post Service

WASHINGTON — Washington has decided to give Japan's hard-pressed new cabinet some breathing room by not pressing trade complaints against government procurement practices, officials said Friday.

Japan was among the countries expected to be cited Friday by U.S. trade authorities for discriminating against American companies seeking foreign government contracts. The U.S. could have led to sanctions against Japanese products.

The relatively low level of Japanese purchases of foreign medical and telecommunications equipment is at the top of the U.S. list of complaints.

But Washington has concluded that nothing would be gained by turning up the heat on the new, minority government in Tokyo headed by Prime Minister Tsutomu Hata, officials said.

Washington will take stock of the issue again by June 30, just before the economic summit meeting of the Group of Seven industrial countries in Naples. U.S. officials did not rule out action at that time.

Japanese authorities reportedly warned Washington that new pressure on trade now would harm relations and leave little room for reopening the trade talks that broke off in February.

The U.S. trade representative, Mickey Kantor, had a promising meeting with Mr. Hata on April 15 in Marrakesh, Morocco, during signing ceremonies for the General Agreement on Tariffs and Trade, officials said. The U.S. government wants Mr. Hata to succeed in efforts to enact new tax reductions to stimulate Japan's economy.

News agencies reported from Washington: Officials said it was still likely that the United States would impose stiff trade sanctions on China, APT-Exel News reported.

Mr. Kantor has been considering a hard line toward China and could designate it as one of the world's worst offenders of rules protecting intellectual property rights, a U.S. official said.

"My hunch is that we will hit them," the official said.

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U.S. Intervenes to Help the Dollar, but It Keeps On Sliding

By Carl Gewirtz

International Herald Tribune

PARIS — The United States intervened repeatedly in the foreign exchange market on Friday as the dollar fell to near a postwar record low against the yen and a six-month low against the Deutsche mark.

The intervention, carried out through the Federal Reserve Board, only temporarily bolstered the American currency, which was lower against most other major currencies in New York trading but up slightly on the day against the yen.

The dollar closed in New York at 1.6535 Deutsche marks, down from 1.6610 DM at the

close of trading Thursday, and at 101.600 yen, up from 101.275 yen.

Treasury Secretary Lloyd Bentsen said the intervention had been intended "to counter disorderly conditions" in the foreign exchange markets.

Having traded during the day at a six-month low of 1.6430 DM, the dollar slipped as high as 1.6555 DM before starting to slip back. The currency also touched an eight-month low of 100.55 yen and a high for the day of 102.40 yen before settling down.

As in previous bouts of dollar weakness over the last few years, speculation has focused on whether the dollar would fall below 100 yen.

The record low for the dollar against the post-World War II yen, reached last year, was 100.35 yen.

Initially, analysts said they believed that Washington had moved in support of the dollar, fearing it was headed for a free-fall.

Traditionally, the Fed was intervening against the mark as well as the yen.

Intervention against only the yen would have been ambiguous, as the Fed could have been acting on behalf of the Bank of Japan, which was closed for a holiday. The Japanese central bank has been massively intervening for weeks,

trying to halt an unwanted appreciation of the yen.

The dual intervention, said Avinash Persaud at J. P. Morgan in London, "alters market perceptions and signals that Washington is not comfortable with a free-fall of the dollar."

But subsequent official comments tempered this view, and the dollar gave back some of its gains.

Mr. Bentsen, in announcing the intervention, said: "This is in line with our previously articulated policy, which recognizes that excessive volatility is counterproductive to growth. We stand ready to continue to cooperate in foreign exchange markets."

John LaWare, a Fed governor, also said the intervention had been aimed at curbing market volatility, rather than at influencing any particular dollar exchange rates.

"I don't think it is an attempt to peg dollar-yen or dollar-mark," he said. "Intervention is used to deal with disorderly markets," and because the Fed "sensed that the markets were in disarray, intervention was appropriate."

Although Mr. Bentsen has long denied that President Bill Clinton's administration is seeking to devalue the dollar against the yen as a way of narrowing America's \$60 billion annual

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Pope Has Thigh Operation After Fall

By Alan Cowell

New York Times Service

ROME — In a further sign of advancing years and frailty, Pope John Paul II has fractured his thigh as he clambered from his bathtub in the Vatican. He underwent surgery for two hours Friday in Rome's Gemelli hospital.

After an operation to insert a metal alloy replacement for part of the right thigh bone, the pope's spokesman, Joaquín Navarro-Valls, described the 73-year-old Pope as being in "excellent overall condition."

A medical bulletin signed by four physicians said "the main biochemical and functional parameters remained in normal limits throughout the operation."

"His overall condition was excellent both from the point of view of medical parameters as well as the visual state," Mr. Navarro-Valls said after seeing the Pope just after the operation. "But we are talking about a person who has had an operation."

The accident was the second in five months. In November, the Pope

apparently tripped down the steps leading to his throne, dislocating his shoulder and fracturing a bone in the fall.

While such fractures are not unusual among older people, the Pope's health is a perennial matter of concern for the world's 950 million Roman Catholics, particularly since he last underwent surgery for the removal of a large intestinal tumor in July 1992.

His latest visit to the Gemelli hospital, where his recovery is expected to take three to four weeks, was the sixth of his 16-year papacy. The most serious surgery came on May 13, 1981, when doctors performed six hours of emergency surgery after a Turkish gunman, Mehmet Ali Agca, tried to assassinate him in St. Peter's Square.

Vatican officials said the Pope slipped in the bathroom of his Vatican apartment Thursday night at about 11 P.M. His personal physician, Dr. Renato Buzzonetti, examined the Pope and X-rays of his fractured thigh, and decided emergency surgery was not necessary.

The Pope slept for a few hours with the help of analgesics before

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Southeast Asia Pocket Fleets Pack a Bang

By Michael Richardson

International Herald Tribune

SINGAPORE — Concerned that a diminishing U.S. military presence and the emergence of new regional powers might threaten maritime trade, Southeast Asian countries are developing new strategies based on small and fast missile-armed navies backed by land-based aircraft and, in the near future, probably by more submarines.

Singapore, Malaysia and Indonesia are investing hundreds of millions of dollars to acquire corvettes and fast attack craft carrying precision-guided missiles that can damage much larger warships. Those nations flank the

Straits of Malacca, the main sea route between the Pacific and Indian Oceans.

In recent years, partly as a result of improvements in missile technology, the combat potential of small navies in the Asia-Pacific region has increased dramatically, said Joseph R. Morgan, a naval expert at the East-West Center in Hawaii.

"Many of these fleets are now armed with potent ship-to-ship guided missiles," he said, "giving them an offensive capability that could significantly alter the balance of naval power."

Mr. Morgan, a former U.S. Navy officer, said that because of the ready availability of advanced weaponry since the end of the Cold

War, modern small navies could "exercise power far out of proportion to their size" to a potential foe in narrow waterways of the region.

Boosted by sustained economic growth, many countries in the region can afford to buy combat aircraft and ships armed with missiles that can strike targets up to 225 kilometers (140 miles) away; advanced electronic warfare equipment, and new-generation submarines that are suitable for operations in shallow waters.

"This trend will accelerate as the United States, Britain, France, Germany and Italy compete with each other, and with Russia and

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Lara's Theme: Railing at the Bureaucrats

By Fred Hiatt

Washington Post Service

MOSCOW — Not long after Boris Pasternak died, the KGB came and took Lara away.

Olga Ivinskaya had been Pasternak's lover and helpmate in the great writer's final years and the model for Lara, the passionate heroine of his novel "Doctor Zhivago." The petty and spiteful bureaucrats of the Soviet regime, envi-

ous of Pasternak's international reputation and suspicious of any genius untamed by politics, miraculously never arrested the writer himself. But once he was gone, in 1960, they tossed Miss Ivinskaya into the gulag, where she suffered for four years.

Now Miss Ivinskaya, 82, is waging one last battle against the bureaucrats of Moscow, and once again the odds are stacked against her. Though her request seems simple enough — she wants the papers the KGB stole from her apartment 34 years ago — and though Russia's regime has, in principle, changed, Miss Ivinskaya has bumped into one roadblock after another.

The government is reluctant to return the Pasternak papers — including part of the original manuscript of "Doctor Zhivago" with a dedication to Miss Ivinskaya; a copy of a play, "Blind Beauty," and letters written to him — which it confiscated as seditious literature but now claims as cultural treasure. It is a situation common to Russia's museums, archives and

libraries, which are crammed with priceless works expropriated by the Bolsheviks and now claimed by the dispossessed or their heirs.

Miss Ivinskaya's case is complicated by personal grudges that have sprung back to life after 40 years, no less bitter than when Pasternak caused them by vacillating between wife and mistress. But it also reflects a continuing ambivalence here about private property, money-making and the rule of law.

"It is difficult to understand why this should be happening in the new Russia," the newspaper Sovetskaya wrote recently.

Indeed, Miss Ivinskaya's troubles raise a question of how different the new Russia really is. She said her demand for the papers had been met with a combination of nationalist rhetoric, insinuations about her role as mistress to the married genius, and self-righteous petting of the fact she finds all too familiar.

"The same pseudo-patriotic demagoguery was

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CHILD'S PLAY — Youngsters on a makeshift swing Friday near Sarajevo. The United States warned that Serbs might be preparing a new offensive. Page 2.

Kiosk

EU Expansion, to 16, Looks Likelier

Dow Jones	Trib Index
Up 13.38	Down 0.09%
3681.59	112.38

The Dollar	Fr. close	previous close
Dollar	1.6535	1.661
Pound	1.519	1.514
Yen	101.60	101.275
FF	5.6593	5.6965

Up and Coming
An occasional series about the leaders of tomorrow.

Tiffany Chu, a former trainee for China's national diving team, has been making a splash in the entertainment business as a partner with the National People's Congress.

BRUSSELS (Reuters) — The European Parliament looks increasingly likely to say "yes" to European Union membership for Austria, Finland, Norway and Sweden in a vote next Wednesday, parliamentary officials said Friday.

But they added that many European MPs would seize the opportunity to press for assurances from EU governments that they would be given a bigger say in the Union's future. The parliament's assent in the votes is needed if the EU is in fact expanding to 16 members, as it hopes to do on Jan. 1.

The officials said that following a meeting between the parliament's president, Egon Klepsch, and political leaders Thursday in seemed that at least 275 votes would be cast in favor of expansion — 16 more than needed.

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Israel and PLO Sign Self-Rule Economic Pact

By Marlene Simons

New York Times Service

PARIS — Israeli and Palestinian delegations signed a sweeping agreement on Friday setting out terms for economic relations between Israel and the lands coming under Palestinian self-rule, and laying the groundwork for development of these areas.

Under the agreement, Palestinians in the West Bank town of Jericho and the Gaza Strip would be able to open their own banks and collect taxes. They would also be allowed to export and import goods — among them such vital commodities as oil, which their Arab allies have promised to provide virtually at cost.

But the accord stops short of allowing Palestinians to have their own currency. Palestinian negotiators claim this as their right, but Israel sees this as a symbol of sovereignty whose time has not yet come.

The agreement was signed after talks in Paris by Finance Minister Abraham Shohat of Israel and the Palestine Liberation Organization's chief economic negotiator, Ahmed Qurei.

The two men, visibly relieved after a final all-night session, shook hands in an ornate hall of the French Foreign Ministry in the presence of Foreign Minister Alain Juppé and other officials and diplomats.

The 60-page accord is the first detailed portion of the overall plan for Palestinian self-rule, which is expected to be signed by the two sides in Cairo on Wednesday.

Both sides said the economic accord was not perfect and reflected concessions. But negotiators said the agreement was crucial because it spells out most aspects of the many day-to-day economic dealings between the two peoples.

Moreover, Israeli diplomats here said, the new accord is likely to be the blueprint for future economic ground rules in the entire West Bank if it comes under Palestinian authority.

These are among the main points in the agreement:

- Finance: A Palestinian monetary authority, much like a central bank, will regulate banks and foreign exchange transactions and manage currency reserves. The two sides will continue to discuss the possibility of issuing a Palestinian currency. Palestinian say they will continue using the Israeli shekel and the Jordanian dinar as well as the dollar.

- Taxation: A Palestinian Tax Administration will conduct its own tax policy, set its own rates and collect income tax, property taxes and municipal fees. Israel will transfer to the Palestinians 75 percent of the revenues of income tax paid by Palestinians working in Israel. Under Palestinian rule, the value-added tax will be up to two percentage points lower than in Israel.

- Trade: The two sides will coordinate import tariffs and rates, but Palestinians have

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Turks Offer Iraqis Food-for-Oil Swap Plan for Humanitarian Aid May Be Violation of UN Ban

By Caryle Murphy
Washington Post Service

ANKARA — Turkey has negotiated a deal to give Iraq humanitarian aid in return for 12 million barrels of mostly Iraqi-owned oil that has been trapped in a Turkish-Iraqi pipeline for almost four years.

Some Western diplomats here said the deal's trade of oil for food and medicine could be viewed as a violation of United Nations sanctions against Iraq, which forbid the selling of Iraqi oil. It essentially gives Iraq new oil income, albeit delivered in humanitarian aid.

"It does have some elements" that might violate sanctions, a Western envoy said.

More importantly, faced with other signs that the international consensus on punishing Iraq is fraying, Western diplomats are concerned Turkey's initiative signals a weakening of its resolve to go along with American-led efforts to maintain Iraq's commercial and diplomatic isolation until President Saddam Hussein is removed.

Meeting in Saudi Arabia Wednesday with officials of six Arab states of the Gulf, Secretary of State Warren M. Christopher expressed U.S. determination to resist any easing of UN sanctions.

In meetings in Washington last week with Prime Minister Tansu Ciller of Turkey and in talks this week at the United Nations, the Clinton administration "made it clear that we would be opposed to any step that would violate the sanctions," a State Department official said. Whether the proposed Turkey-Iraq deal would fall into that category is still under discussion, he said.

A Turkish Foreign Ministry under secretary, Ozden Sanberk, who struck the deal during a recent visit to Baghdad, called the arrangement a "limited rescue operation" to prevent damage to the pipeline, which was shut down when the United Nations imposed sanctions on Iraq after it invaded Kuwait in 1990.

"It's not an export of oil," Mr. Sanberk said in an interview. "We don't think it's breaking sanctions."

He made clear that his recent trip to Baghdad — the highest-level Turkish visit since the end of the Gulf War — stemmed from Ankara's view that Mr. Saddam is not likely to be overthrown soon and that the Iraqi regime should be engaged in dialogue.

This is a widely held view in the region, but runs counter to the American assessment that sanctions are undermining Mr. Saddam's legitimacy and will eventually lead to his downfall.

But Mr. Sanberk said Turkey "is not going to break solidarity" and violate the UN embargo. "If we say Saddam is going to stay, it is our opinion and we are not going to break the lines," he said.

"We proposed a narrow, limited rescue operation to once or twice flush out, repair and close the pipeline and wait for the removal of the embargo," Mr. Sanberk said.

A similar situation existed after the Gulf War on Iraq's other major export pipeline, across Saudi Arabia. The Saudi government seized that oil, sold it and turned the proceeds of about \$80 million over to the state-owned Saudi Aramco Oil Co. to cover the costs of maintaining the pipeline and storage tanks, according to Saudi officials.

Of the 12 million barrels of oil in the pipeline, which transports oil from Kirkuk in northern Iraq to Turkey's Mediterranean coast, 3.8

million belong to Turkey and 8.2 million are owned by Iraq. Turkey plans to refine the released oil and use it domestically, Mr. Sanberk said.

The 12 million barrels represent about four days' production by Iraq in the period just before it invaded Kuwait. Analysts say that given the current depressed market and the fact that the oil has been in the pipeline for four years, its value would likely be about \$10 a barrel — or a total of \$120 million.

Mr. Sanberk indicated that the one-time oil deal was also motivated in large part by his country's severe economic crisis, which follows the loss of about \$20 billion because of the interruption of trade with Iraq and the pipeline's closure. Turkey used to earn \$250 million a year from pipeline fees.

The Turkish deal also underscores the increasingly intense international competition to secure a favorable position in Baghdad for commercial activities once the UN trade embargo is lifted. French, Italian, German — and reportedly American — oil firms have had discussions with Baghdad about future contracts.

These discussions come amid signs that three key UN Security Council members — Russia, China and France — are ready to support a partial or total lifting of the embargo on Iraqi oil sales.

A consensus is building among these and other countries that the embargo should be ended once UN officials declare that Baghdad has complied with UN requirements on the long-term monitoring of its weapons-building industry. The next review of sanctions is in May.

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BLOCKED — Hanan Ashrawi, right, former spokeswoman for Palestinian negotiators, talking with West Bank Palestinians at a checkpoint after they were denied entry Friday into Jerusalem.

'Serious' Israel-Syria Talks Expected

TEL AVIV — Secretary of State Warren M. Christopher said Friday after talks with Prime Minister Yitzhak Rabin of Israel that he expected "serious" talks in Damascus on reviving Israeli-Syrian negotiations over the Golan Heights.

Mr. Christopher, with an agreement between Israel and the Palestine Liberation Organization on Palestinian self-rule well in sight after talks in Cairo this week, is to bring the Syrian president, Hafez Assad, new Israeli position papers on the Golan on Saturday.

"I expect the conversations there to be as serious and substantive as the conversations here," Mr. Christopher said at a news conference with Mr. Rabin. "We've got a lot of hard work ahead of us."

The Golan, which Israel captured from Syria in 1967, is at the heart of the disputes that have hampered progress between the sides since talks began in October 1991.

Mr. Rabin declined to divulge details of the "peace package" that Mr. Christopher was to convey to Mr. Assad, but he said that it included Israel's view of stages of a withdrawal.

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Bosnia Dilemma: Muslims in Sea of Serbs

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Admir Maslo looked up quizzically with his only eye — an almond-shaped, chestnut-colored thing topped by an eyebrow sprinkled with blood — and thundered: "Flowers!"

Nine-year-old Admir, who shuffles imperiously around the ophthalmology clinic of Kosovo Hospital in Sarajevo in tattered slippers at least five sizes too big, was talking about his first home in Foca, once a predominantly Muslim city in southeastern Bosnia.

His clearest memory of his latest home, Gorazde, is the blood he felt spurring from his right eye after a piece of shrapnel from a Serb shell tore through his eyelid on April 20 and gouged out the eyeball.

Admir was evacuated from the eastern Bosnian enclave along with 264 other wounded people earlier this week after a cease-fire agreement and threats of NATO air strikes against Serb forces battering the town.

The boy's journey from a quiet village outside Foca to Gorazde and now to a crowded military ward in Sarajevo, highlight what appears to be impeding the establishment of peace in Bosnia: the presence of three enclaves, containing 100,000 Muslims, stuck in the middle of a sea of Serbs in eastern Bosnia.

The mostly Muslim Bosnian government will not trade them away, saying that it must maintain a foothold in an area where its people used to constitute more than 60 percent of the population.

The Serbs will not tolerate their presence because they are seeking a state free of Muslim pockets and their serious security concerns. United Nations officials refuse to call openly for the enclaves to be emptied of Muslims because they refuse to be accomplices to Serb "ethnic cleansing." But no one seems to know how to deal with these zones, three of the six ironically designated UN "safe areas."

On April 22, NATO took steps to force the Serbs to end their onslaught on Gorazde and prevent Serb attacks on other "safe areas" in Bosnia, especially Srebrenica and Zepa, the two other Muslim pockets in the east.

The "safe areas" were established early last year at a time when a cow-moribund international peace plan sought to keep Bosnia whole and prevent creation of a purely Serb state.

Srebrenica, Zepa and Gorazde all lay inside provinces that the peace plan earmarked as Muslim-majority zones.

Now, after another year of war in Bosnia, the international community has largely accepted the carving up of this country into two — a Croat-Muslim federation in the west and a Serb-controlled state wrapped around it to the north and east.

Such an approach raises questions about the long-term future of the eastern enclaves. The Serb attack rendered Gorazde, the largest and most economically viable of the eastern pockets, "a basket case," in the words of Peter Kessler, a spokesman for the UN High Commissioner for Refugees.

While UN officials recognize that the fate of the eastern enclaves is a key to any peace plan, they have not acknowledged that the logic of the current peace plan would clear them away.

"Certainly not," said Sergio de Mello, chief UN civil affairs officer for the countries that were once part of Yugoslavia, when asked if the United Nations was considering evacuating the "safe areas."

But then, in a sign of his and the United Nations' understanding of the problem, he added: "We may, very much against our will, be obliged to move some people to safer areas."

ed Press reported from London. Scotland Yard said he was hospitalized in serious condition with head and neck injuries.

It was the third attack this month on members of the party, which is putting up 30 candidates in local elections on Thursday.

A letter bomb exploded at the party's southeast London headquarters on April 7, wounding an administration officer, Alfred Waite. Last Saturday, Michael Davidson, 33, lost an eye when he and another candidate were kicked and beaten by a masked gang in east London.

■ **British Neo-Nazi Attacked**

Mike Newland, spokesman for the neo-Nazi British National Party, was bound, gagged and severely beaten Friday by three men armed with a hammer and clubs, the Associat-

U.S. Warns That Serbs May Start New Assault

By Steven Greenhouse
New York Times Service

JERUSALEM — Secretary of State Warren M. Christopher voiced concern Friday that the Bosnian Serbs might be moving artillery around the Serb-controlled town of Brcko in northern Bosnia to prepare an offensive against territory held by the Muslim-dominated government.

Mr. Christopher warned the Bosnian Serbs that the United Nations and the North Atlantic Treaty Organization might move vigorously to discourage such an assault, which according to some reports would use artillery that has been withdrawn from the UN-declared "safe areas" of Gorazde.

"One of the things we've had to have in mind as we've moved through this situation is that they might move to another such area," Mr. Christopher said in Tel Aviv after talks on Monday peace efforts. "One possibility would be for the United Nations to designate those areas, if they are attacked, as safe areas. The one thing you can be sure is that the United States does not intend to relax its interest in this problem."

An administration official traveling with Mr. Christopher said the United States had worked urgently with the United Nations to prevent an attack around Brcko.

"There is a great deal of talk about developing a UN presence in Brcko," the official said, suggesting that such peacekeepers could be important for discouraging a new Bosnian Serb offensive.

Mr. Christopher said the efforts by the United States, Russia, Europe and the United Nations to broker a cease-fire and overall peace settlement "will be a reminder to both parties to stop the incessant fighting and return to the negotiating table."

Mr. Christopher also strained to show that NATO was not seeking to favor one side or another in the conflict.

"It's not NATO's purpose to try to prevail in a warlike capacity," he said.

■ **Tough Job, Mediators Say**

International mediators said Friday that they faced an uphill task in persuading Serbs and Muslims to agree to a truce in Bosnia, Reuters reported from Sarajevo.

The newly formed "contact group" of Western and Russian mediators met the Bosnian Serb leadership in Pale outside the Bosnian capital Friday after talking with the Muslim-led government, but there was still no agreement on the terms of an overall truce for Bosnia.

The U.S. special envoy, Charles Redman, who led the group along with a Russian envoy, Alexei Nikiforov, said the two sides still had to resolve differences over the length of a proposed cease-fire before they could resume peace negotiations.

MANILA (Reuters) — A beauty pageant contestant from Russia said Friday she was upset after being detained by immigration officials at Bangkok's airport, but said she would return to Thailand as a tourist.

Inna Sovova, 20, who is in Manila to compete in the Miss Universe contest May 21, said she was kept in a windowless room at Bangkok airport "maybe for 24 hours" last week because she had no visa to enter Thailand.

"I was shaken," she said. "I was really like in prison." When told Thailand was wary of Russian women because there are many Russian prostitutes in Bangkok, she said: "I heard about this. I don't know, maybe that's why they did not give me a visa."

■ **400 Casualties Reported in Yemen**

SAN'A, Yemen (Reuters) — About 400 soldiers have been killed or wounded in two days of fighting between north and south Yemeni armored units 50 kilometers from the capital, San'a, political sources said Friday.

The battle involved about 200 tanks from both sides and was the worst clash since North Yemen and South Yemen merged four years ago, the sources said. The fighting was the latest provoked by a feud between President Ali Abdullah Saleh and Vice President Ali Salem Baird.

Tanks and artillery of the northern First Armored Brigade battled the southern Third Armored Brigade around the town of Amran. The situation at the battlefield, on a plain flanked by mountains north of San'a, is now quiet but tense, the sources said.

■ **TRAVEL UPDATE**

Denver's new airport is still expected to open May 15, city officials said, despite a request from United Airlines to delay the opening because of glitches in the airport's computerized baggage system. (NYT)

World airlines have reported a hefty rise in first-quarter passenger figures, and the International Air Transport Association said Friday that this could help the money-losing industry toward a recovery. (Reuters)

Experts forecast a Middle East tourist boom when a peace treaty is signed, and urged Arab countries to join up with Israel to reap the dividend. The conference in Lebanon was told that Middle East tourism would grow 4 percent a year until the year 2000. (Reuters)

A vintage car rally from London to Paris will help mark the official opening of the Channel Tunnel next month, organizers said. (Reuters)

About 5.8 million foreigners visited Thailand in 1993, a 12.2 percent increase over the year before, Radio Thailand reported. (AP)

LARA: Pasternak's Mistress, Odds Still Against Her, Is Waging Her Final Battle Against Bureaucrats in Moscow

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poured over Pasternak in 1958, when I stood over him in his terrible trials," she wrote this month in an open letter to President Boris N. Yeltsin. "Twice I was sent to the gulag, and today I can no longer abide such demagoguery."

When traveling, he wrote letters to Miss Ivinskaya pleading his undying love. "I am bound to you by life, by the sun shining through my window, by a feeling of remorse and sadness, by a feeling of guilt," he wrote.

"I hold you to me terribly, terribly, and almost faint from tenderness, and almost cry."

In 1949, because of her association with him, she was sent to the gulag for the first time, for four years of hard agricultural labor. Their child was stillborn in prison.

Just before her return, Pasternak told Miss Ivinskaya's 15-year-old daughter, Irina, that he was ready to break off the affair, speaking with what Miss Ivinskaya later described as his typical "mixture of candor, guileless charm and undeniable heartlessness." But he changed his mind, and their relationship continued until his death.

Sympathizers of Pasternak's wife, and many intellectuals in his circle, derided Miss Ivinskaya as a gold digger and a seductress, the scholar Victor Erlich recalled.

"She's been judged very harshly, and unfairly," said Mr. Erlich, professor emeritus at Yale University. "The notion that she was an adven-

turess who seduced him and tried to profit by his fame — I don't buy it."

"At a certain period she gave Pasternak a great deal of joy," he said. "And whatever can be said against her, she suffered because of him."

Nor is there any dispute, according to Josephine Wolf, a professor at Harvard University, that Miss Ivinskaya served in large part as the model for Lara in what Mr. Pasternak saw as his masterpiece.

An early supporter of the Bolshevik Revolution, Pasternak never went to outright opposition. But as Stalin's terror unfolded in the 1930s, the author refused to become a cypharist. He stopped creating altogether, earning his living for years as a translator and enjoying a mysterious immunity as most of Russia's other great writers were

vilified, jailed, killed or hounded into suicide.

Still, by the time he met Miss Ivinskaya, Pasternak had resolved to write a novel that would capture the truth of his time, the story of one individual unable to come to terms with the barrenness of revolution. The martinet who controlled the Soviet book industry could not bring themselves to reject the book, but they also dared not publish it. It confused the regime because it was neither pro-Soviet nor anti-Soviet but apolitical.

In the end, the novel was published abroad, to great critical acclaim, but not in Russia. When Mr. Pasternak was awarded the Nobel Prize in Literature in 1958, the Soviet establishment hounded him into renouncing the award.

In the spring of 1960, Pasternak fell ill for the last time. On May 30, he died — exhausted, Miss Ivinskaya believed, by unending attacks

On Aug. 16, the KGB ransacked Miss Ivinskaya's apartment and took her and her daughter to Lubyanka, the dreaded secret-police headquarters from which so many Russians never returned.

Miss Ivinskaya's interrogators accused her of turning Pasternak against his country, of profiting from his foreign sales.

To the end, her daughter spent two years in the camps, while Miss Ivinskaya spent an additional four. In 1988 — the year "Doctor Zhivago" was finally published in Russia — Miss Ivinskaya and her daughter were "rehabilitated," the state's acknowledgment that their arrest had been unjust. But Miss Ivinskaya's documents remain in government hands.

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THE AMERICAS / ADDICTION SECRETS



Treasury Secretary Lloyd Bentsen firing an assault rifle at a Washington police training center to demonstrate the power of such guns. He is backing a bill in Congress that would ban the manufacture, sale or possession of 19 models of semiautomatic weapons.

Street-Legal Arms Widen Gun Debate

By Stephen Braun
Los Angeles Times Service

MIAMI — The men of Wilbur Enterprises are never at a loss for firepower. At work in their fortified office, out on a job in their company trucks, off for a night on the town, they dress for the occasion and they always pack heat.

Loaded guns can be found, in desk drawers and under counters, throughout the construction company's warehouse in north Miami. Inside his waistband, the boss, Blair Wilbur, 67, keeps a .38-caliber Smith & Wesson revolver. One son who works at the company regularly carries a pistol. Another keeps a shotgun in his pickup truck. Even the company's 71-year-old golfer totes a revolver.

"I took a date out one night, and I had the .38 in my shoulder holster," Mr. Wilbur said. "I asked her if she had a problem with me carrying a gun. She says no, she's used to it. Everyone in Miami's used to it. That's probably because everyone's carrying."

In a country where city streets are seen as stalking grounds for violent offenders, the pervasive fear of crime that once impelled Americans to buy guns to secure their homes now persuades growing numbers to take firearms into the street.

According to a Los Angeles Times poll in

January, 22 percent of the residents of gun-owning households said that they sometimes carried their weapons outside for protection — substantially higher than the 13 percent who said they did so in a 1981 Times survey.

Law-abiding gun owners who want to carry a weapon are often forced to act like secret gunslungers — hiding pistols in purses, pockets and car glove compartments — to avoid arrest under local and state laws.

But in recent years, those prohibitions have begun to fall. Since 1987, Florida and nine other states have passed laws making it easier for residents to carry guns.

"More and more people are realizing that the police won't be there when you need them," said Jeffrey Snyder, a Washington lawyer who has become a talk-show apostle for the concealed weapons movement. "Your life is either worth protecting or it's not. And if it is, it's worth protecting all the time."

The prospect of more Americans arming themselves against street crime is recasting the debate that has raged for years over the presence of guns in almost half of the nation's households.

As more guns are carried legally by Americans, will they provide a strong deterrent to crime? Or will they provoke more bloodshed, inflaming minor encounters into shootouts?

Seven years after the Florida legislature passed a sweeping permit system allowing law-abiding citizens to carry concealed weapons, Miami and surrounding Dade County have become the proving grounds for these questions.

The emerging verdict here offers little comfort to either side. The defensive carrying of guns has not resulted in an upsurge in violence, but neither has it demonstrably reduced the city's crime rate or helped to quell fears.

At last count, 27,636 Dade County residents were licensed to carry guns. For most of these people, the moment of truth may never come. According to Richard Bohan of the Miami Police Department, justifiable gun defenses by civilians account for 1 percent to 4 percent of the deaths his unit investigates each year.

Gun-rights activists respond that a drop in Miami's violent crime shows the real impact that gun defenses can have. Last year, robberies dropped to 6,930 from 7,077 in 1992, and reported rapes fell to 305 from 403.

But murders remained unchanged at 131, and police officials note that the liberalized permit law was in effect in the late 1980s, when the city's violent crime rate was higher.

Tobacco Firm Halted Nicotine Study

By Philip J. Hilts
New York Times Service

WASHINGTON — Scientists at Philip Morris Inc. found evidence 11 years ago that a substance in cigarettes increased the addictive power of nicotine, but the research was halted by the tobacco company and efforts to publish that and other work were blocked, according to testimony by two scientists at a congressional hearing.

The researchers, Dr. Victor J. DeNoble and Dr. Paul C. Mele, who left the company after their laboratory was abruptly shut down, also said that they and colleagues at Philip Morris had made another striking discovery at the time: an artificial version of nicotine that seemed to have few of the toxic effects on the heart that the natural substance in cigarettes has.

Dr. DeNoble said that, before it was curtailed, his research had led him to believe that nicotine alone was addictive "on a level comparable to cocaine."

He also revealed that he had identified for the first time another psychoactive and possibly addictive substance in tobacco besides nicotine. It is acetaldehyde, a natural product of burning sugars and other materials in the tobacco leaf.

Under questioning, the scientists acknowledged that their findings had been preliminary and tentative, but they had been excited by where their research might have gone had it not been suppressed.

The two men painted a picture of a company that started an ambitious research program in the 1970s to learn everything it could about nicotine and its effects on the body. The purpose was then, they said, to modify or replace the nicotine in cigarettes with less harmful substances.

The work was to be so secret that the animals used in the research were brought into labs at night, under covers, and the work was not discussed with fellow employees.

Both of the discoveries were "scientifically significant and exciting and need to be followed up," Dr. Jack Henningfield, chief of pharmacology research at the National Institute on Drug Abuse, said in an interview.

"The idea of increasing addictiveness by combining it with something else is something that I don't believe we have any other example of in nature," he said. "Someone should take the hall of the research and run with it."

A spokesman for Philip Morris, Steve Parrish, said in an interview after the researchers' appearance Thursday that the research had been withheld for proprietary reasons and was not as important as Dr. DeNoble had said.

He said the hearing was "shameful" because it contained "incoherent, leaked documents, conveniently changed opinions, scientific sensationalism."

Dr. DeNoble and Dr. Mele testified before the House subcommittee on health and the environment after Philip Morris had freed them from a lifelong agreement not to disclose their research without the company's permission.

They were freed from the agreement at the request of the panel's chairman, Representative Henry

A. Waxman, Democrat of California.

Two weeks ago, the panel heard testimony from the chief executives of the seven major tobacco companies. On Thursday, Dr. DeNoble and Dr. Mele contradicted some of what the executives said.

Dr. DeNoble said that he was threatened with legal action by company executives if he published or talked about his nicotine research, contradicting the account given under oath by the chairman of Philip Morris, William I. Campbell, two weeks ago.

Mr. Parrish said that even though the researchers had testified that their work gave "strong evidence" in 1983 that nicotine might be addictive it did not prove it.

Dr. DeNoble and Dr. Mele were key researchers at a Philip Morris laboratory in Richmond, Virginia, from 1980 to 1984. By 1985 the studies began to generate unwanted evidence — like early studies indicating nicotine was addictive — that might have caused the company to change its nicotine research.

Dr. DeNoble said he was told by Philip Morris research executives "that the lab was generating information that the company did not want generated inside the company, that it was information that would not be favorable to the company in litigation."

The company instructed the researchers that they could not dis-

miss their work, the scientists said. Then, on April 5, 1984, they were abruptly told to halt their studies, kill all the laboratory rats and turn in their security badges.

The researchers also told of a trip to the New York headquarters of Philip Morris, where an executive wondered how their work would affect the company: "Why should we risk a billion-dollar business for some rats' studies?"

Dr. David A. Kessler, the commissioner of food and drugs, said Thursday that the testimony about dozens of suppressed studies showed "an excessive and sophisticated research program concerning the addictive potential of nicotine."

"This research, suppressed by the company for a decade, demonstrates the company's interest in the pharmacology of nicotine," Dr. Kessler said, "and the information in this testimony is critically important to our ongoing inquiry into the role of nicotine in cigarettes."

Especially interesting, he said, was the testimony that the company wanted to find an artificial nicotine that would have the addictive and intoxicating properties of nicotine without its dangerous effects on the heart.

Earlier this year, Dr. Kessler said that for the first time the Food and Drug Administration was ready to regulate cigarettes as addictive drugs, something the agency had avoided for decades.

To establish control over cigarettes it must be shown that nicotine is addictive and that tobacco companies intentionally control the amount of nicotine in cigarettes to maintain smokers' addiction.

One important measure of a drug's addictive potential is whether a laboratory animal will work hard pressing a lever to get the drug. Nicotine will get a rat to press a bar steadily, more than 100 times an hour, and Dr. DeNoble found that the animals will do the same for acetaldehyde, though they will not do so for water or saccharin or other favored substances.

Dr. DeNoble said he was surprised to find that when he gave the animals a chance to have both nicotine and acetaldehyde together, the rats tripled their bar-pressing to more than 500 times a hour. He said that his work on the rats was cut off before he could establish more than the single indicator that acetaldehyde was addictive.

The other discovery he reported Thursday was the finding of a nicotine-like substance called 2-methyl-6-phenylpyridine, a synthetic chemical that causes animals to behave as if they were getting a nicotine high but without signs of heart distress like a rapid heart beat that usually comes with nicotine.

Other researchers have since found several similar nicotine-like substances that act in the brain, Dr. DeNoble said, but Philip Morris dropped any attempt to see if these could be used to make a safer cigarette.

POLITICAL NOTES

24 Expelled at Naval Academy

WASHINGTON — Navy Secretary John H. Dalton ordered 24 U.S. Naval Academy midshipmen expelled in the biggest cheating scandal in the school's history, ending a wrenching 16-month investigation of the venerable military institution in Annapolis.

Mr. Dalton ordered that two other midshipmen who had been recommended for expulsion receive lesser punishment. Officials would not say why Mr. Dalton agreed to allow the two midshipmen to graduate next month and probably receive their navy commissions later this year.

Navy officials withheld the names of those expelled from the 4,100-student academy, citing privacy considerations. But sources said six of the midshipmen separated from the navy were members of the varsity football team.

Officials said Mr. Dalton decided that the 24 expelled midshipmen would not be required to repay the academy for their educations, which cost as much as \$90,000. Nor did he order them to serve for three years in the enlisted ranks. Current seniors will be allowed to finish their spring courses but will not get academy degrees.

"Separation from the academy without a commission or degree was thought to be enough" punishment, said Lieutenant Bill Spann, a navy spokesman.

Brian Pirko, 21, one of the expelled midshipmen, said he was "very upset" but not surprised by Mr. Dalton's action.

The 26 midshipmen Mr. Dalton reviewed were among 134 seniors implicated in the December 1992 incident, which led to harsh questions from Congress and the naval inspector general's office about the academy's moral training programs. Those investigations also faulted academy officials for reacting too slowly when the cheating first was disclosed and appearing to play favorites, especially with members of the football team.

Calls Clinton Would Like to Make

WASHINGTON — President Bill Clinton says he once headed for a phone to call his mother, Virginia Kelley, before remembering that she had died, and wished just this week that he could talk to Richard Nixon to ask advice.

Mr. Clinton called the CNN program "Larry King Live" on Thursday night during an interview by Mr. King with James Morgan, who wrote the book "Leading With My Heart" with Mrs. Kelley and her husband, Dick Kelley. Mrs. Kelley died of breast cancer Jan. 6.

Mr. Clinton said he wished he could talk to his mother, and almost telephoned her one night after he returned from a trip to Russia and Europe soon after she died.

"I went into the kitchen and got halfway to the phone before I realized that I couldn't call her," he said. "It was almost like a shock. A lot of people who lose a mother or father or husband or wife will tell you that, they find themselves almost talking out loud. I do that a lot."

He said he had a similar feeling Thursday about Mr. Nixon, whom he eulogized at his funeral Wednesday. "I'm very grateful to him for the incredibly wise counsel he gave me in the last 16 months," Mr. Clinton said. "Frankly, just today I had a problem, and I said to the person who was working with me 'I wish I could pick up the phone and call Richard Nixon and ask him what he thinks we ought to do about this.'"

Canned Air in Jetliners? Fine, Study Says

By Martin Tolchin
New York Times Service

WASHINGTON — The reduction of fresh air in airline cabins since the mid-1980s poses no harm to passengers and crew members, according to a study commissioned by the airline industry. The study came under immediate criticism.

"Both older aircraft, with an all-fresh air system, and newer aircraft that have a combination of fresh and recirculated air, meet or exceed standards that are designed to insure a healthy environment," said Jim Landry, president of the Air Transport Association, which fi-

nanced the study and represents major airlines.

Consolidated Safety Services, a Virginia consulting firm that conducted the study for the industry, tested the air in jetliner cabins during 35 flights without notifying the airlines or the crews. It found that the air quality met federal health and safety standards for workers in offices and factories.

But a spokesman for flight attendants criticized the study on the ground that air quality standards for offices and factories are not appropriate for judging the crowded confines of a loaded airplane.

Aaron Sussell, an industrial hy-

gienist with the National Institute of Occupational Safety, said the study had improperly used his agency's standards and those of the Occupational Safety and Health Administration.

Those standards were meant to protect people in the workplace, he noted, but airplanes serve the general public, which requires more stringent rules because passengers include infants, the elderly and disabled people.

A case in point were carbon dioxide levels as high as 1,395 parts per million. These were well below the Occupational Safety and Health Administration's maximum of 5,000 but above the limit of 1,000 parts per million set for the general public by the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

In the 1980s, airlines in the United States reduced the amount of fresh air circulated in the cabins from 100 percent fresh air pumped in every three minutes to half fresh air and half recirculated air every six or seven minutes.

The industry says the reduction of fresh air saves about \$60,000 per jetliner each year because less fuel is needed to cool the air.

Since the change was introduced, some flight attendants and passengers have complained of headaches, nausea and other health problems, especially after long flights. Many attribute the problems to the reduced ventilation.

The industry group's study disputes this claim. "Results of the study did not reveal a potential for human health hazards," said Dr. Jolanda Janczewski, president of Consolidated Safety Services Inc. of Okatoma, Virginia, which has conducted federal studies.

The study was made public Thursday in anticipation of congressional hearings on the issue that are scheduled for next month by the aviation subcommittee of the House Public Works and Transportation Committee.

"We thought it was important to get this study out in advance of the hearing," said Mr. Landry of the Air Transport Association.

The study measured contaminants aboard 35 flights involving two older planes that provided 100 percent fresh air and two newer ones that provide 50 percent fresh and 50 percent recirculated.

The older aircraft were a Boeing 727 and a McDonnell Douglas DC-9, and the newer aircraft were a Boeing 737 and a McDonnell Douglas MD-80.

The newer aircraft generally had a higher level of contaminants than the older aircraft, but these were still within the range allowed by the Labor Department's Occupational Safety and Health Administration and the Public Health Service's National Institute of Occupational Safety and Health, the study said.

Away From Politics

- Almost 23 million Americans live in places that do not meet federal standards for pollutants like soot and acid aerosols, the stuff that produces haze in the air, the American Lung Association said. Those people — 9.1 percent of the population in 16 counties across the country, including Los Angeles and Denver — are at risk for respiratory diseases and other health problems from the pollutants, the association said.
- A woman who carried a revolver in her purse was wounded when she dropped the bag. Janis Wylie, 38, was in serious condition with a chest wound after her .38-caliber revolver went off in the court building in Glendale, Arizona, where she works. She had been carrying it because she feared her former husband, the police said.
- One-third of physicians' private practices do not offer health coverage to nurses, receptionists and others running their offices, according to an American Medical Association study. But many of them buy coverage on their own or are covered through their spouses' policies. Only 11 percent of all medical workers are uninsured, compared with 16 percent of all Americans too young for Medicare.
- Colleges and universities must provide students and staff with annual reports on the number of murders, robberies and other crimes that occur on campus, under new federal regulations published in the Federal Register. "Encouraging students to pursue high quality post-secondary education is an important element of the national education goals," the regulations say. "A safe campus environment facilitates such education."
- Wisconsin's more than 60,000 teachers will have to undergo background checks under a new state law to keep child molesters out of classrooms.
- Black babies will be three times more likely to die than white babies by the year 2000 if the gap in the U.S. infant mortality rate continues to widen, federal health officials warned. The risk of dying before age 1 for blacks was twice that of whites in 1990, the Centers for Disease Control and Prevention said. The disparity is greater now.

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8 Years for Key Figure in Italian Scandal

By John Tagliabue
New York Times Service

ROME — Sergio Cusani, the Italian money manager accused of being one of the central culprits in the collapse of Italy's Ferruzzi industrial group, has been convicted and sentenced to eight years in prison. The six-month trial dramatized for millions of Italians the maze of graft and corruption that enveloped the country's business and political leadership in recent years.

In passing sentence late Thursday, a panel of three judges in Milan said that the seven-year sentence demanded by Antonio Di Pietro, the anti-racket investigator who was also the trial prosecutor. The court also imposed a \$10,000 fine and ordered Mr. Cusani to pay damages totaling \$91 million to two Ferruzzi companies.

Mr. Cusani, a 45-year-old Neapolitan nobleman, was found guilty of falsifying corporate balance sheets, misappropriation of funds, and violating laws that regulate the financing of political parties.

The defense lawyer, Giuliano Spazzali, said he would appeal the sentence. The defendant was in custody for five months before being tried, and will remain free pending the appeal.

In passing sentence, the judges generally adhered to the prosecution's view that Mr. Cusani was responsible for defrauding Ferruzzi of \$91 million, \$14 million of which was passed in bribes to politicians, most notably the former

Socialist leader Bettino Craxi, to smooth the 1990 takeover at a hugely inflated price of a Ferruzzi company by the state-owned ENI chemical group. After details of the bribes emerged last year, Raul Gardini, head of Ferruzzi, killed himself.

But the sentence, which was read by Chief Judge Giuseppe Tarantola, also accepted as proven that \$600,000 of the money was paid to the Italian Communist Party for legislative favors.

In an impassioned hour-and-a-half plea, Mr. Cusani asserted his innocence and said he had been made a scapegoat for the crimes of others. "You needed a face, a physical person, to put on trial," he said in the televised plea. "I was perfect because I would not collaborate and I was a friend of Craxi's."

Mr. Cusani accused the prosecution of having provoked Mr. Gardini's suicide by what he said were oppressive investigative techniques that included long preventive detention.

The trial, which went through 51 sessions, provided Italians with something like a complete documentation of the Ferruzzi case, which attorneys on all sides have characterized as the boldest of all those that have come to light in Italy's wave of scandals.

It was also the first sentence to be handed down, and as such was seen as bolstering the efforts of Mr. Di Pietro.

■ **Berlusconi 'Optimistic'**
Prime Minister-designate Silvio Berlusconi was optimistic Friday that he would rapidly

form a government with ecofascist and federalist allies despite skirmishes over the key job of interior minister, Reuters reported from Rome.

"I'm fairly optimistic," the media magnate said before talks with his allies in the conservative Freedom Alliance, which he led to victory in the March general elections.

President Oscar Luigi Scalfaro asked Mr. Berlusconi on Thursday to form Italy's 53rd government since World War II, three months after the tycoon entered politics.

Mr. Berlusconi's optimism masked tensions with the federalist Northern League, which is claiming the Interior Ministry in return for supporting him. The ministry controls the police and security apparatus and is an important power base in Italy.

"There aren't any problems that cannot be overcome," Mr. Berlusconi said before the talks began at his Rome home. "There isn't any disagreement with the League over the government program, and that's the most important thing."

The Northern League's leader, Umberto Bossi, was adamant that he wanted the ministry to go to his party and told reporters he had the clout in Parliament to back up his claim.

"We have the relative majority of seats in the Freedom Alliance," he said. Mr. Bossi has previously said that the League, which has 109 of the bloc's 366 lower house seats, might opt "in the extreme" to support the new government but not join it.

Yeltsin Foes Will Rally On May Day Despite Pact

The Associated Press

MOSCOW — Some of President Boris N. Yeltsin's political opponents announced plans for May Day demonstrations, saying Friday that a political truce signed the day before was meaningless.

The U.S. Embassy warned Americans in Moscow to stay away from the demonstrations Sunday for fear of violence. Authorities said thousands of policemen were being brought into the city to control the crowds on the traditional labor day.

One police officer was killed in a clash with protesters on May Day last year, and hundreds of people were injured as marchers armed with stones and metal rods fought the police.

Mr. Yeltsin and his allies signed a political truce with some of his opponents in a nationally televised ceremony in the Kremlin on Thursday. The so-called Civic Accord, timed to come just before May Day, contained a pledge by all sides not to use violence for political ends.

The 245 signatories ranged from Russia's Choice, the largest pro-Yeltsin coalition in parliament, to such little-known groups as Women of the Navy and the Society of Private Detectives.

But several of Mr. Yeltsin's bitter foes did not join the truce. Former Vice President Alexander V. Rutskoi, who has announced plans to form a united opposition to Mr. Yeltsin, did not attend the signing ceremony.

The chairman of the revived Communist Party, Gennadi Zyuganov, appeared at the ceremony in the Regal St. George's Hall but did not sign the agreement.

Mr. Zyuganov urged his supporters to gather Sunday on Tverskaya Street, formerly Gorky Street, a busy thoroughfare now lined with stores selling Western cosmetics, fashions and fast food.

At least two other pro-Communist rallies are planned. Organizers pledged the protests would be non-violent, and the government has authorized them.

The U.S. Embassy, however, advised Americans "to exercise caution while traveling in the city to ensure they do not become involved in these or any other demonstrations."

ASIA: High-Tech Helps Pocket Navies Pack a Bang

Continued from Page 1

China, for a share of the lucrative Asian arms market," said Paul Dibb, head of the Strategic and Defense Studies Center at the National University in Canberra.

The focus of security concerns in Southeast Asia has shifted from the land to the sea following the end of Communist insurgency and the growing importance of maritime trade, offshore resources such as oil, gas and fisheries, and disputed claims to sovereignty especially over the Spratly Islands in the South China Sea between Vietnam, China, Taiwan, Malaysia, the Philippines and Brunei.

"There is a sense of strategic uncertainty in the region," said Amritav Acharya, coordinator of a security project at the Center for Asia-Pacific Studies run jointly by the University of Toronto and York University in Canada.

Mr. Morgan said that of the

Southeast Asian countries, Singapore had come closest to "obtaining true sea control over its geostrategic region." It has six modern corvettes and a dozen fast attack craft, with six more planned.

Singapore's defense minister, Yeo Ning Hong, said earlier this year that the island state would get additional advanced fighters, maritime patrol aircraft, mine-countermeasure vessels and other high-technology weapon systems to protect its territory and vital sea lines of communication.

Malaysia has two modern corvettes and eight fast attack craft equipped with missiles, and plans to acquire two more corvettes.

Under a separate contract very likely to be concluded later this year, Malaysia will spend about \$1.6 billion to build 27 advanced naval patrol vessels over the next two decades.

Malaysia's defense minister, Najib Razak, said the new craft would

be designed to carry anti-air and anti-aircraft missiles, although such weapons might not be installed immediately.

Indonesia, the world's largest archipelago nation, has 12 diesel-powered patrol submarines; 17 frigates, with 19 more under construction; and 9 fast attack craft, with 6 more being built.

Sixteen corvettes of the defense East German Navy that were bought from Germany are now being upgraded before entering service.

The armed forces of Singapore, Malaysia and Indonesia hold regular bilateral exercises. Analysts said they were not involved in an arms race with each other. The U.S. Navy also holds maneuvers with the navies of the three nations.

America's Pacific fleet comprises mainly large naval vessels, including aircraft carriers, destroyers, frigates and amphibious ships.

POPE: John Paul Has Operation on Thigh After Fall

Continued from Page 1

moving to the hospital, where he quipped to staff: "You have to admire my loyalty."

After his fall last November, when he took nine days to recover sufficiently to appear in public wearing a soft cast and a sling, he also sought to make a joke of his health problems and the speculation they inspire. "I'm all in one piece — I'm not dead yet," he said.

Nonetheless, then as now, the Pope's accident inspired the Vatican to quickly deny any suggestion that his falls were related to some kind of fainting or temporary loss of consciousness.

■ **Ethiopia Claims Seizure Of Muslim Rebel Base**

ADDIS ABABA, Ethiopia — Defense Minister Seyoum Abreha said Friday that Ethiopian government forces cracking down on Muslim fundamentalists had seized their main base in the east of the country.

Mr. Seyoum said at a news conference that the measures taken last week against the Unity movement in an area northeast of the eastern Ethiopian town of Ogaden were not a major offensive.

"I absolutely exclude any loss of consciousness or faintness, before or after the fall," Mr. Navarro-Valls said.

He said X-rays had shown the right femur, the thigh bone, to be fractured and dislocated at the point where it joins the hip.

Dr. Emilio Tresalti, the medical director of the hospital, called the injury a "classic fracture" that could "happen to anyone."

"The Pope's general condition is excellent," Dr. Tresalti said before the operation. "It is a complicated operation only because of its nature."

Vatican officials said the Pope lost some blood during the surgery, but did not require blood transfusions.

"The Pope will heal," said Dr. Gianfranco Fineschi, who led the surgical team that performed the operation. "His hip won't be like God made it, but he'll heal."

As the most-traveled pontiff in history, John Paul has found his journeying slowly curtailed by health problems. After his surgery in July 1992, he cut short a Caribbean visit, and his subsequent voyages have been conducted at a far less hectic pace than in the early days of his papacy.

The latest accident came on the eve of a planned weekend visit to Sicily, which has now been can-

celed, as has a projected trip to Belgium from May 13 to 15. In early June, the Pope is scheduled to receive President Bill Clinton, whom he first met during a visit to Denver last year.

Mr. Clinton is scheduled to visit Italy to commemorate the Allied landings at Anzio and Nettuno during World War II.

While the Pope's brushes with health problems appear to have become more frequent in recent years, he has usually recovered well so as to return to his packed schedule.

Vatican officials describe his resilience to a love of outdoor pursuits — skiing, mountaineering and swimming — that has endured since his youth. Dr. Fineschi said Friday, however, that the Pope's skiing days were over. "He will not limp, but under no circumstances can he ski or mountain climb. Even if the Pope were 20 years younger, I would be saying the same thing."

Friests who have met him in the past few weeks say he seemed tired and dejected, pumping up energy only when inspired by the particular emotions of meeting children or greeting pilgrims from his native Poland.

He has devoted similar energies in recent weeks to increasingly irate tirades against population control measures, including abortion.

Leg Fracture Is Just Latest of Health Woes

The Associated Press

ROME — Pope John Paul II has had three injuries and other health problems:

■ May 13, 1981: Shot in the abdomen and hand by a Turkish gunman in St. Peter's Square. He spent 20 days at a Rome hospital after surgery.

■ June 20, 1981: Hospitalized for infection linked to the wounds. He underwent an operation Aug. 5 and was discharged Aug. 14.

■ July 15, 1992: Operation for benign tumor on colon. He left the hospital July 28.

■ Nov. 11, 1993: Dislocated his right shoulder in a fall at a Vatican reception. He underwent an operation and left the hospital after an overnight stay.

■ April 29, 1994: Taken to a hospital after breaking and dislocating his right thigh bone.

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VOTE: 2 Rivals Call Process Fair

Continued from Page 1

voters who waited hours, in some cases days, to cast their ballots.

The voting, which began Tuesday, was extended for a day to accommodate rural black areas where distribution of voting materials had been particularly slack.

Figuring out just how many voted will be an exquisite conundrum. The combination of a huge turnout, a likely underestimate of the eligible electorate, and improvised voting procedures that hobbled the defense against ballot stuffing and other electoral mischief has led some analysts, only half-jokingly, to forecast a turnout in the 110 percent range.

The culture of full electoral participation is so powerful in a country that waited three and a half centuries for its first democratic election that on Friday morning residents of two violence-ridden townships east of Johannesburg showed up at locked polling places and threatened the lives of election officials if they did not allow them to vote.

The officials complied, even though the stations were not supposed to be open an extra day. The ballots cast there on Friday will be counted separately, and election judges will decide if they are valid.

In the rural areas where the extra day was authorized, voters came mostly in drabs and drabs; apparently the vast majority had already voted, despite the glitches earlier in the week.

"We had to do some double-dipping," said Peter Matshise, an election official in rural Venda,

where voting had been hampered for two days by the fact that too many regional ballots and too few national ballots had been delivered.

The distribution snags led to numerous improvisations nationwide, including the rushed printing of 9 million extra ballots without normal security procedures. Every voting complication will now become a counting complication.

But before the count begins, the ballots in the boxes have to be reconciled with the stubs in the polling places.

"We expect that in some case the numbers will not balance," said an Electoral Commission member. The Electoral Commission has made it clear that the whole election process is less than exacting standards. Since Mr. Mandela's African National Congress is expected to win by a wide margin, it seems inconceivable that even a large number of disputed ballots could affect the outcome.

But there is a good chance that there will be a major political dispute over the ballots in KwaZulu-Natal Province, where there is a three-way race between the African National Congress, the Inkatha Freedom Party and the National Party. It might force a repeat of the voting, or a negotiated political settlement.

The Electoral Commission was to start counting ballots at 7 A.M. Saturday in about 700 counting stations. It has said it hoped returns would start to trickle in later in the day. Skeptics are not expecting a definitive result until early next week.

MIDEAST: Pact on Economy

Continued from Page 1

obtained a number of exemptions, allowing them to lower or drop rates for limited quantities of goods from Arab nations and for goods from elsewhere if these are needed for development, such as construction materials and agricultural machinery.

■ **Borders:** There will be free movement of goods and people between the regions. Two customs authorities will jointly operate.

■ **Fuel:** Fuel is treated separately because Palestinians are likely to receive low-cost Arab oil. Under the agreement, Palestine gasoline prices cannot undercut Israeli prices by more than 15 percent.

■ **Tourism:** A tourism administration will be set up. Tourists can move freely between Israel and the areas under Palestinian authority, tourist agencies can operate in all areas provided they comply with professional criteria.

Mr. Qurie stressed that the agreement concerned all occupied Palestinian areas, not only the Gaza Strip and Jericho. But it would only be applied to other occupied territories as they were evacuated by Israeli troops.

He said the Palestinians were looking forward to new relations of common interest rather than dependency in their economic ties with Israel.

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Appear on Pages 7 through 10

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MAY THE SACRED HEART of Jesus be adored, glorified, loved and revered throughout the world now and forever. Sacred Heart of Jesus pray for us. Saint John the Evangelist pray for us. Saint John the Baptist pray for us. Saint John the Apostle pray for us. Amen.

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DALAI LAMA IN BONN — The Tibetan leader being greeted Friday by Otto Lambsdorff.

China Outraged by Clinton Meeting

Beijing Calls Talks With the Dalai Lama 'Interference'

Compiled by Our Staff From Dispatches

BEIJING — China sharply criticized President Bill Clinton and Vice President Al Gore on Friday for meeting with the Dalai Lama, Tibet's exiled spiritual leader, accusing them of a "serious interference" in China's internal affairs.

An angry Foreign Ministry statement said, "We demand that the U.S. side live up to its commitments on recognizing Tibet as part of China's territory, abide by the basic norms governing international relations, set store by the overall interests of Sino-U.S. relations and refrain from taking actions interfering in China's internal affairs and hurting the feelings of the Chinese people."

Mr. Clinton and Mr. Gore met with the Dalai Lama on Thursday and discussed religious and cultural rights in Tibet with the Dalai Lama, the 1989 recipient of the Nobel Peace Prize. China, which accuses the Dalai Lama of trying to split Tibet away from its control, made it clear that it found the meeting unacceptable.

It was not the first face-to-face session the Dalai Lama has had with an American president. The Tibetan leader had a comparable "drop-by" meeting with Mr. Clinton in Mr. Gore's office one year ago and also met privately with President George Bush in 1991.

But the session took on added importance now, because the Clinton administration must decide by June 3 whether to renew China's trade benefits in this country. One of the markers the president set down for making that decision is whether the Beijing government made progress in preserving Tibet's religious heritage, of which the Dalai Lama is the leading symbol.

In a statement, the White House said the United States "continues to urge high-level talks between the Chinese government and the Dalai Lama or his representatives to resolve differences."

The White House statement welcomed the Dalai Lama's offer in a speech in New York on Wednesday to meet senior Chinese leaders to discuss differences with the Beijing leadership.

The official Chinese press repeated Beijing's assertion that it would never compromise on its one fundamental principle, that Tibet was an inseparable part of China.

Beijing said it would welcome the Dalai Lama's return to China as long as he totally abandoned the idea of Tibetan independence and stopped activities to split the motherland.

The Dalai Lama met the vice president for about 30 minutes, and Mr. Clinton dropped in on the meeting for about 15 minutes, a White House aide said. The Tibetan leader was ending a two-week visit to the United States, where he has been giving a series of lectures.

(Reuters, LAT)

North Korea Rejects UN Demands for Inspections

Compiled by Our Staff From Dispatches

VIENNA — North Korea has rejected conditions set by the International Atomic Energy Agency for new inspections of its nuclear sites, the agency said Friday.

"The new reply from Pyongyang to our demands, which arrived in Vienna Friday afternoon, is unsatisfactory," said the agency spokesman, Hans-Friedrich Meyer, adding that inspectors would not, therefore, travel to North Korea this weekend. "We will discuss the situation again with the member states at the start of next week," he said.

Last week, Pyongyang invited United Nations inspectors to supervise the replacement of fuel in a reactor at Yongbyon, one of the nuclear sites at the center of its dispute with the agency. The agency agreed, but imposed a number of conditions, including that it be allowed to measure the radiation levels of the material. Mr. Meyer said Pyongyang had rejected this condition.

Mr. Meyer said such a check was "crucial to prove that the North Koreans have not diverted fissile material to military ends."

The inspection is intended to determine whether North Korea has diverted nuclear material to a covert weapons project, possibly during a mysterious 100-day shutdown of the Yongbyon reactor in 1989 with no outside inspectors present.

Earlier Friday in Moscow, Russia expressed concern about North Korea's nuclear program and said it was ready for "full-scale military cooperation" with South Korea.

"We have discussed North Korea and expressed concern over the state of North Korea's nuclear affairs," Defense Minister Pavel S. Grachev said after talks with his South Korean counterpart, Rhee Byoung Tae.

The United States believes North Korea may already have produced one or two nuclear bombs and could make more. North Korea denies this, saying its nuclear program is entirely for peaceful uses. It has refused to allow complete UN inspections to verify its claim.

General Grachev said he and Mr. Rhee discussed how to influence Pyongyang to prevent it from breaking out of the Nuclear Nonproliferation Treaty. Treaty terms require signatories to permit outside verification.

As part of growing Russian reconciliation with South Korea, Foreign Minister Andrei V. Kozirev told Mr. Rhee that Moscow was ready "to set up full-scale military cooperation" with Seoul. "I am glad that we do not view each other through gun sights any more, but are ready to cooperate in producing them for a joint defense of friendly states," the Itar-Tass press agency quoted Mr. Kozirev as saying.

(AFP, Reuters)

Singapore Daily's Mail Runs Against Teenager

The Associated Press

SINGAPORE — An American teenager sentenced to be flogged for vandalism is being described as a "monster" and a "viper" in letters from Americans and Singaporeans to a local newspaper.

The Straits Times said Friday that most of the 312 letters it had received about the case were in favor of the caning of Michael P. Fay, 18. A fourth of the letters, it said, were from Americans.

Mr. Fay, who has lived here with his mother and stepfather since 1992, completed one month of a four-month jail sentence Thursday and awaits a government decision on a plea for clemency.

President Bill Clinton has described his punishment — six lashes on the bare buttocks with a rattan cane — as "excessive."

A U.S. Embassy representative scheduled to visit the youth in Queenstown Prison on Saturday, and his mother, Randy Chan, is to see her son Tuesday.

Mrs. Chan said he was being treated well in prison.

Mr. Fay, a senior at the Singapore American School, and several other young expatriates were picked up by the police after a vandalism spree in October.

Although he later asserted that his confession had been coerced, he pleaded guilty last month to two charges of vandalism, two of mischief and one of possessing stolen property. Plea-bargaining reduced the original 53 counts filed against him for spraying paint and tossing eggs at cars and other illegal acts.

The Straits Times said the most "harrowing" letters had come from Americans, and the few appealing for compassion were written by residents of Singapore.

"Vermin like Michael Fay are making life in the big cities unlivable," the newspaper quoted Kevin Brennan of Long Beach, New York, as writing.

One unidentified Singaporean said his country should be gracious and just deport "the monster."

"It doesn't matter what our wimpy president says, beat him," wrote Thomas Dorsey of Hot Springs, Arkansas.

Many Singaporeans, the newspaper said, expressed indignation at American interference in their country's internal affairs.

Hata to Tell Europe of Market Plan

Agence France-Presse

TOKYO — Japan's new prime minister, Tsutomu Hata, will leave for his first official foreign trip on Monday, with stops in Italy, France, Germany and Belgium, an official said Friday.

The former prime minister, Morihiro Hosokawa, was to have gone on the trip to strengthen ties with Europe and explain Japan's market-opening measures. Mr. Hata decided to make the weeklong tour himself after his predecessor was forced to resign over a financial scandal.

"It is vital to promote European understanding on Japanese efforts in proceeding with various reforms, including economic measures," Mr. Hata said.

Mr. Hata will speak to government leaders in Italy before going to Paris on Wednesday, Bonn on Thursday and Brussels on Friday.

In Brussels, Mr. Hata will talk with Belgian leaders and the European Commission president, Jacques Delors, a spokesman said.

Rwandan Exodus Called Fastest Ever

By Paul Lewis

New York Times Service

UNITED NATIONS, New York — More than 200,000 terrified Rwandan refugees have flooded into the Kigali district of Tanzania in a 24-hour period, fleeing spreading massacres and civil war in what the United Nations High Commissioner for Refugees described as the largest and fastest mass exodus it has ever witnessed.

At least an additional 50,000 Rwandans have been spotted waiting to cross an unguarded bridge into Tanzania in lines more than five miles (eight kilometers) long. UNHCR and the World Food Program have prepositioned some food and medical supplies. Tents and blankets are to be airlifted Saturday from Nairobi.

UN officials say refugees are fleeing fighting and massacres in the southern part of Rwanda and are crossing into Tanzania apparently because borders into Burundi and Zaire have been closed.

The United Nations, meanwhile, received report of a massacre in northern Burundi of undisclosed size but suggesting ethnic violence is spreading to this neighboring country which suffers from the same tribal tensions as Rwanda.

In the Rwandan capital, Kigali, the United Nations still has some 450 soldiers guarding tens of thousands of Rwandans in the soccer stadium, the hospital and the Hotel Mille Colines.

Reports of atrocities continue

Reports of atrocities continued to come from Rwanda on Friday, The Associated Press reported from Nairobi.

In the southwestern Rwandan town of Cyangugu, policemen and militiamen fired machine guns and threw grenades at about 5,000 people who tried to force their way out of a stadium where many had sought refuge, the United Nations High Commissioner for Refugees said.

In a statement from its offices in Geneva, the agency said relief workers had been barred from the stadium and had no way to help the wounded or get an exact count of the dead. But at least 300 people were reported killed.

Harry La Fontaine Is Dead at 81, Dane Saved Jews From Nazi Camps

The Associated Press

MIAMI — Harry La Fontaine, a Danish World War II resistance leader who helped save thousands of Jews from Nazi death camps, has died. He was 81.

Mr. La Fontaine died April 12 after suffering an aneurysm in his adopted home, Miami, his widow, Edith, said Thursday. The funeral was private.

He helped smuggle more than 8,000 Jews from Nazi-occupied Denmark onto boats headed for neutral Sweden within two weeks in October 1943, when the Germans decided to apply their "final solution" to Danish Jews.

Mr. La Fontaine hid Jews in hospital beds and closets of homes, helped rescue a rabbi by dressing him as a woman and fed pepper to Nazi bloodhounds to kill their sense of smell.

He also tried to derail the German war effort with bombings. He once parachuted into Denmark with more than 100 pounds (45 kilograms) of explosives strapped to his back.

"The thing that strikes me most about him was that he talked about his altruism as being what every human being should do," said Merle Safenstein of the U.S.-based Holocaust Documentation and Education Center.

Berton Roussé, 83, a staff writer at The New Yorker for nearly 50 years who originated the Annals of Medicine series that chronicled the war against disease in elegant narratives of medical intrigue and deduction, died Thursday at his home in Amagansett, New York. He committed suicide, said his wife, Katherine Eisenhower Roussé, who discovered the body.

Major General Adam Tajwan, 61, a Syrian officer who was prominent in his country's peace dealings with Israel, died of cancer Tuesday in a London hospital, officials in Damascus said. He was buried Wednesday in his Mediterranean hometown of Tartous, 300 kilometers north of Damascus.

David Langston, 82, the actor best remembered for his role as Lord Bellamy in the acclaimed British television series "Upstairs, Downstairs," died Monday of a heart attack at Stratford-upon-Avon, his family said.

General Sak Sutsakham, 68, a longtime anti-Communist leader and one of the few Cambodian generals to emerge with credit from the 1970s civil war against the Khmer Rouge, died of a heart attack Friday in Phnom Penh, according to the secretary of state for information, Khieu Kanharith. At the time of his death, the four-star general was a military adviser to the government.

John Preston, 48, an author, co-founder one of the first gay community centers in the United States and a former editor of the magazine The Advocate, died Wednesday at his home in Portland, Oregon, after a long battle with AIDS. Mr. Preston co-founded Gay House Inc. in Minneapolis before moving to San Francisco to serve in 1975 as editor of the nation's largest gay magazine.

BOOKS

REBELLIONS, PERVERSITIES, AND MAIN EVENTS

By Murray Kempton. 570 pages. \$27.50. Times Books.

Reviewed by Heywood Hale Broun

OPENING the large volume of Murray Kempton's "Rebellions, Perversities, and Main Events," one is startled to discover that it is dedicated to William F. Buckley, a man whose parade of thought seems to pace to a different drum and down a different street from the march of Murray Kempton.

This is just the first of a number of surprises, however, because Kempton, once a member of the Young Communist League, did not, like many other old radicals, swing like a windshield wiper, from way left to way right. During the nearly 30 years (from the 1960s to the '90s) covered in this collection of pieces, he seems to have been comfortable with a screen of philosophy and scholarship in front of his fire.

There are times, of course, when the fire comes right through the screen. When the government confessed internment in Arlington Cemetery to the ashes of Robert Thompson, a decorated hero of World War II who was also secretary of the American Communist Party, the flame of rage leaped high in Kempton.

"Wherever those ashes go, the glory of America goes with them. They belong to every soldier,"

Those ashes had done everything for us but disagree with us, and now, by our treatment of them, we have disgraced ourselves.

When he wrote about Thompson, Kempton had long put communism's dreams behind him, but he admired the defiant, selfless courage of the soldier as he admired the fierce stubbornness of Westbrook Pegler, with whom he agreed on few of the world's issues, as he perhaps admires Buckley as a verbal fencer worthy of a crossing of swords.

The pieces collected here come from a variety of sources. There is, however, a steady tone, a distinctive prose style. In describing the fall of the atomic scientist J. Robert Oppenheimer, who believed that "What could be discovered ought to be discovered, wherever it tended," Kempton said, "Elegance was for him his own absolute."

Kempton is too restless a thinker to let verbal elegance be his end, but there is no doubt that style sits on his shoulder and urges him to pause lest he miss the word that will slip into place with precision.

In its concluding essay, written in 1990, Kempton, by then in his 70s, is beguiled by an account of Oliver Wendell Holmes, then in his 80s, reading Plato "to improve his mind." This effort for some of us slacks away into rosy trips to Things-as-they-used-to-be, but Kempton, the septuagenarian who bicycles to work, is all for that exercise of the mind that will keep it in shape to go on asking questions and trying for answers.

After a hundred or so absorbing pages of Kempton one seems sure that he is, for all his complexity, a man more principled than pragmatic until we come across his quotation of a British journalist about the Paris Commune of 1870 to the effect that Rue de Rivoli was full of ruffians of the worst sort, those with principles.

Who is a terrorist, we cry, and who a freedom fighter? Kempton simply tells us with a fair degree of objectivity about some of the tumultuous '60s when "a very few of the affluent have joined a very few of the indigent in a coalition of common destructive passions."

In this new collection he has not done anything so simple as finding himself, but he has found a way to go about the search. Following him through, you may not always agree with all his answers to all his questions — but he does make you look at issues with a mental eye you may too long have left closed. Advanced in years, he still spins the firewire as he puffs and pedals on in his intellectual bicycle. He is one who would rather ratiocinate than reminisce.

Heywood Hale Broun, whose books include "A Studied Madness," "Whose Little Boy are You?" and "Tumultuous Merriment," wrote this for The Washington Post.

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Herald Tribune

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Hold Firm Against Saddam

Saddam Hussein is seeking and finding some international support for his effort to get out from under UN sanctions. Mainly, it seems, for commercial and financial reasons. France, Russia and some others are inclined to let the Iraqi strongman resume some sales of oil. To head off this possibility, Secretary of State Warren Christopher has been in the Gulf drumming up fresh support for sanctions against the Iraqi regime. The Iraqi regime is dependent as they are on American protection against a someday resurgent Iraq, these regimes evidently yet have some internal elements open to Saddam's appeals for relief.

Unfortunately, three years after an American-led coalition threw his invading army out of Kuwait, Saddam Hussein remains defiant and in power. Just a few weeks ago the United States got a painful reminder of the costs of keeping him in check when American warplanes accidentally shot down two U.S. helicopters conducting protective surveillance over Kurdish areas. Twenty-six people aboard were lost — more than last fall's one-day toll of 18 American dead that precipitated the Clinton administration's decision to quit Somalia.

The incident in the Iraqi north made no

visible dent in American commitment to the containment of Saddam Hussein. But the constancy of others in the ring requires regular American tending. The sanctions issue is due to come up again in the Security Council in May, and there is talk that some sanctions might be relaxed later. The commercial opportunities, the pain of the Iraqi people, the hope to enlist Iraq in containing revolutionary Iran, the passage of time: All these considerations tend to erode the common will. Saddam Hussein's regime, however, remains unrepentant and unconstructed. Choosing to calm international anxieties at their most inflamed point, he has opened up to UN weapons inspectors. Still, they are left suspecting that he has hidden away supplies of Scud surface-to-surface missiles and chemical feed stocks.

Meanwhile, he is remote from compliance with other UN resolutions on human rights and the Iraq-Kuwait border. Anytime he chooses to, he could sell \$1.6 billion in oil to buy food and emergency relief. Apparently preferring to blame outsiders for his citizens' distress, he chooses not to. The United Nations must hold firm.

— THE WASHINGTON POST.

Science's Smallest Trophy

After nearly two decades of searching, scientists have found evidence for the elusive "top quark," the last undetected member of a family of particles that are believed to constitute the basic building blocks of all matter.

The discovery, if confirmed, will be a prodigious triumph of experimental physics. A huge team of scientists sifted through the electromagnetic debris from billions of particle collisions at the Fermi National Accelerator Laboratory to find clues to the existence of this extremely rare and evanescent quarry.

More important than the feat itself, proof that the top quark exists will verify that the scheme by which physicists describe matter and forces — the so-called Standard Model of elementary particles — is essentially accurate. Had they been unable to find the predicted quark, this edifice of modern physics would have collapsed.

Quarks were first proposed in the early 1960s to explain the vast zoo of particles being found in accelerators. The notion was that virtually all such particles were composed of a few simpler particles called quarks.

Though the proposal was at first strongly resisted, it eventually evolved into the now widely accepted Standard Model, which reduces all reality to six kinds of quarks, six

other particles named leptons, and three forces that govern their interactions.

Although finding the last predicted quark will solidify the Standard Model, the theory remains unsatisfying. It is messy and complicated in a discipline that prizes simplicity. It leaves out gravity, the fourth known force. And when used to predict what happens at very high energies, it yields absurd answers unless additional particles or forces are hypothesized to make it work.

That is why physicists keep seeking a deeper theory that would reduce everything to a few simple ones. No one knows for sure if such a "final theory" is possible, or if so, whether its formulation lies centuries away or just around the corner.

Until recently, the favored approach was to build ever bigger accelerators to probe collisions at ever higher energies. But now that the Superconducting Supercollider, the next big accelerator, has been terminated, physicists are turning to cheap and imaginative ways of investigating these phenomena that do not require expensive, brute-force machines.

That is the soundest approach to a subject that has no foreseeable practical applications, only the excitement of a grand intellectual quest to understand the universe we all inhabit.

— THE NEW YORK TIMES.

Further With Gun Control

Efforts at gun control in the U.S. Congress have thus far been worthy but piecemeal. Advocates of gun control have concentrated on getting small pieces of legislation, any legislation, through Congress. That has meant choosing measures fashioned to seem most innocuous to those who fear the intimidation campaign of the National Rifle Association.

So far, that tactic has proved its worth, most notably in getting the Brady law passed, which demands a five-day waiting period before buying a handgun, and in getting Congress accustomed to the notion that the gun trade is a fitting target of legislation.

Some members think Congress is now ready for a broader approach. Late last year Representative Charles Schumer of New York and Senator Howard Metzenbaum of Ohio introduced a "kitchen-sink" bill that covered everything from licensing to lists of weapons to be prohibited. It proved politically ahead of its time.

So this week Mr. Schumer, along with Senator Bill Bradley of New Jersey, introduced a more focused bill, aimed at stopping the illegal trafficking in guns.

The two legislators note that almost all handguns on America's streets start as legal weapons. Then they are stolen, or sold through shady dealers, or bought by people without the proper documentation, or straw buyers who turn them over to illegal dealers with only one goal: to resell them on the street.

The Schumer-Bradley bill aims to stop trafficking through a number of practical measures. The linchpin of the legislation is a proposal for a national handgun identity card, containing a photograph, a fingerprint and a

magnetic strip to prevent fraudulent use. No one in America would be allowed to buy a handgun without such a card.

The bill would also limit handgun purchases to one per customer per month. While allowing a clearly generous number of guns to be bought for personal use, this would prevent the bulk buying of guns for resale.

The bill would require guns to be registered and all transfers of handguns from one person to another to be recorded, much as is now done for motor vehicles. That would prevent the use of straw buyers — people with legitimate identification buying for illegal dealers.

Perhaps most important, the bill would reform the licensing of gun dealers. Obtaining a dealer's license is now ridiculously easy. There are 31 times more registered gun dealers in the United States than McDonald's restaurants — almost three-quarters of them dealing not from stores but from their homes or the trunks of their cars.

The Schumer-Bradley bill would require gun dealers to have a real place of business and to meet stringent security standards. It would impose an annual fee for dealers of at least \$3,000, with the revenue to go to the Bureau of Alcohol, Tobacco and Firearms so that it could effectively police the firearms trade.

The bill presents a systematic response to the traditional anti-gun-control mantra, which suggests that criminals will always have a way to get guns, and that therefore everyone needs them. So far there has been no comprehensive legislative effort to stop the supply of illegal guns. The Schumer-Bradley bill represents a sensible starting place.

— THE NEW YORK TIMES.

Other Comment

The Challenges Before Hata

Prime Minister Tsutomu Hata will face some decisive issues: the threat of trade sanctions from the United States and the nuclear crisis in North Korea. So far his political alliance has said only that it will "closely cooperate" with the United States, South Korea and other Asian nations concerned in the Korean matter. However, if a war breaks out in the Korean Peninsula the Hata government will be caught in ill-advised indecisiveness.

Will Mr. Hata's experience as foreign minister, finance minister and minister of agriculture help him pass this test? One thing is sure: The alliance of political parties he chairs still has far to go to avoid a break-up.

The inherent instability of Japanese politics was pushed to the forefront by the Liberal Democrats' fall. This grim reality should serve as a lesson for other countries, especially developing ones that idolize one-party dominance by any means, legal or illegal.

— THE JAKARTA POST.

Much to Learn From South Africa's Miracle

By Anthony Lewis

BOSTON — By the standards of today's world the election in South Africa is a political miracle. Many would have predicted that white domination would end in a cataclysm of violence, not a one-person-one-vote election supported by all major parties and groups.

But it is a miracle created by human beings. A series of calculated political judgments made possible the relatively peaceful transition to a new South Africa.

President Frederik de Klerk made the judgment, long overdue, that white rule could be maintained only at devastating costs, economic and social. He understood that the leaders of the African National Congress were the most moderate interlocutors the whites could hope to find. He took the dramatic step in February 1990 of releasing Nelson Mandela and his colleagues from prison.

Mr. Mandela took the path of reconciliation from the day of his release. When I interviewed him two months later, I asked whether he favored the prosecution of men who had carried out murders on behalf of the government. He said:

"No, no, no. The whole spirit of negotiations would be against taking revenge on any particular individual. You think of a settlement as involving the entire community in support of the settlement. Otherwise it will be an intolerable situation."

That spirit of inclusiveness and reconciliation was carried on through the long negotiations and the election campaign. Mr. Mandela urged campaign crowds to support the police, who had been the hated enforcers of apartheid. He went the last mile to bring the prickly Mangosuthu Buthe into the election.

The new constitution, drafted mainly by lawyers of the ANC and the governing National Party, contains assurances to whites and other minorities. It has a detailed bill of rights and a Constitutional Court to enforce it.

Perhaps most important, the negotiators agreed to conduct the first election on the basis of proportional representation. In a system like Britain's or America's, with legislators elected by districts, few whites would have won — because only a few districts in South Africa have white majorities. Proportional representation will produce many more white members, because each party will have the same share of seats as it has of votes in the whole country.

The ANC agreed to proportional representation even though it will give the party fewer winners. As a study by the Center for Voting and Democracy in Washington put it, the leaders realized that the distortions caused by a district system "would be fundamentally destabilizing in the long run for both minority and majority interests."

The constitution also provides that any party with 5 percent of the

vote will have a seat in the cabinet. There will be a government of national unity for five years, with Mr. de Klerk as a likely vice president.

Those concrete measures made it easier for the National Party to give up its absolute hold on power. And on top of them, Mr. Mandela and his colleagues have given assurances to the bureaucracy and the army that their interests will be protected.

ANC leaders have taken all these steps on the premise that a new government can succeed only if most South Africans accept it as legitimate. Mr. Mandela told a television interviewer: "To be dismissive of opposition — that is what was done in Angola and Mozambique. We must not make that mistake."

Americans might look at South Africa and think about their own politics. South Africans lined up for hours, determined to vote; half of all Americans do not bother. There, victims of oppression built bridges to those who held power; America increasingly has the politics of division and hate. They used proportional representation to mitigate conflict; Americans mocked a Larrin Guinier who thought it was time to consider a form of proportional representation for the same reason.

Of course the commitment to reconciliation and national unity will be tested by the realities of governing. South Africans who live in shacks hope to achieve at least their modest expectations of a water tap and a job, and those will not be easy for the government to provide. But many people meant it when they said, as they waited to vote, that this was giving them what they wanted most of all: human dignity.

The New York Times.



An Apartheid Fighter Now Risks His Life for Haiti

By Richard Cohen

WASHINGTON — In the basement of a converted Washington townhouse, a human bomb ticks on the Clinton administration. His name is Randall Robinson, executive director of the lobbying group TransAfrica. On the day I saw him, Mr. Robinson was in the 15th day of a liquids-only hunger strike. Always trim, he has shed 7 pounds (3 kilograms) and is determined to keep going until the Clinton administration changes its policy on Haiti. To that end, Mr. Robinson is prepared to die.

It is important to say this right off. Randall Robinson is not a nut. He does not have a martyr complex — so say all who know him. He is a radical, no fool, no egomaniac. He is a centered man, if not a man of the center, who for 17 years has been running a much-respected black lobbying group. Bill Clinton, you can bet, knows exactly who Randall Robinson is.

It is important to say another thing as well. On the day I saw Mr. Robinson, Tuesday, the very first voters were going to the polls in South Africa. Mr. Robinson has been arrested seven times during protests against apartheid and TransAfrica was instrumental in getting the United States to impose sanctions on the old racist regime. Tuesday could have been Randall Robinson's transcendent day. But he passed up any celebration to continue his hunger strike. South Africa was his passionate cause but Haiti is different. For Haiti he is willing to risk death.

Why? Mr. Robinson finds the U.S. "complicitous" in the death of Haitians. He believes, as Mr.

Clinton once did, that it is morally reprehensible to interdict Haitians on the high seas and return them to the very things they are fleeing. He thinks that these Haitians would be welcomed in the United States as political refugees if they were not black. But they are scooped off the water like pond scum and sent back, sometimes to their deaths.

Haiti is a foreign policy dilemma for the Clinton administration. But in comparison to Bosnia, it is a walk in the woods — a miserable little place, run by the military and the paramilitary, who taken together, have developed a taste for the killing of innocent civilians, the mutilation of their bodies and the rape of their female survivors. They are drug runners and goons, and they could be sent packing by any American street gang, never mind a company or two of marines.

And yet the United States has allowed itself to be humiliated by this regime. It sneers at the U.S. embargo, it breaks its agreements, it has scared off a naval ship and, emboldened by U.S. weakness, it has turned against political dissidents in a barbaric orgy of killing — 150 or so in Port-au-Prince since January, maybe 26 more the other day in a military sweep of Gonaives.

For Mr. Robinson, though, the paramount issue is the U.S. government's insistence on repatriating Haitians fleeing their country. He says he appreciates that Florida, for instance, is apprehensive about the number of Haitians that would

come there, but something could be worked out. Vietnamese refugees were initially scattered across the country, Mr. Clinton, he says, had adopted the most politically expedient policy, "more concerned about the polls than history."

Mr. Robinson has clearly taken the measure of Bill Clinton, a man he now regards with a fair measure of contempt. The president responds to pressure. The warning of Randall Robinson will put Bill Clinton in a box. He cannot afford to let Mr. Robinson die — not for his miserably wrong and inept policy, anyway. Soon, more and more members of Congress will join those of the Black Caucus and demand a change in U.S. policy. Military intervention no longer seems excluded.

Randall Robinson is an appealing zealot. He has had the doubts of an ordinary person. He was afraid he would make a fool of himself. He is really not sure if he could let himself die. He has a good life — an impressive lobbying group, a membership in the black leadership, a standing in Washington based on achievement, not bombast. And two kids and a wife, a woman who made him smile when he lifted the phone to take her call.

Yet he means to die — if it should come to that — for the wretched people of Haiti. He would prefer it otherwise, of course. It's just that to live and not do all you can for what you believe is to Randall Robinson another form of death. "An unprincipled life is not worth living," he said. "I would not know who I was."

We are all about to find out.

Washington Post Writers Group.

Nixon's 'Peace' Strategy Had a Heavy Price in Blood

By Neil Sheehan

WASHINGTON — Richard Nixon's powers of political strategy seem to have outlived him.

Contrary to much of what has been said since his death, he had no intention when he became president in January 1969 of ending the war in Vietnam. His greatest foreign-policy challenge was neither the opening to China nor détente with the Soviet Union. In Mao Zedong and Leonid Brezhnev, he was dealing with powerful and ruthless men with whom he could do business.

Mr. Nixon's greatest challenge was the war in Vietnam. His failure to respond to it wisely brought death and suffering to his country and Indochina, and ultimately wrought his destruction in the series of crimes and misdeeds known as Watergate.

Mr. Nixon was elected in 1968 because he gave the public the impression that he had a secret plan to stop the fighting. In his old age, he admitted no such plan existed. His real plan, which he proceeded to carry out, was

to continue the war and attempt to win it with a new approach.

He called his scheme Vietnamization. The strategy was to appease American public opinion and buy time with gradual withdrawals of the nearly 543,000 American troops serving in Vietnam when he took office.

The burden of the fighting was simultaneously shifted to the South Vietnamese government's armed forces. They were strengthened on Mr. Nixon's assumption that they would one day be able to stand alone against their Communist opponents.

He lavished upon his armed forces all the moral bankruptcy of Ho Chi Minh, and preserve the separate South Vietnam that had always been the goal of U.S. policy.

There was an alternative. Mr. Nixon could probably have negotiated a cease-fire in exchange for a rapid American withdrawal with a publicly announced deadline. But that would have entailed admitting that the war

was a hopeless cause and Mr. Nixon could not bring himself to admit that.

"I will not be the first president of the United States to lose a war," he told the Republican congressional leadership in the fall of 1969.

The flaw in Mr. Nixon's strategy was that the regime in Saigon was fundamentally corrupt. It would always be dependent for its survival on the muzzles of guns wielded by foreigners. The artillery, tanks and armored personnel carriers, the squadrons of jet fighter-bombers and hundreds of helicopters Mr. Nixon lavished upon his armed forces did not change its moral bankruptcy.

The strategy also required time — and in war, time means blood. By the time the Paris agreement was finally signed in January 1973 and the last U.S. combat units were withdrawn, 21,000 American men had perished during Mr. Nixon's presidency, more than a third of the 58,000 Americans who

died in Indochina. And these numbers are pithy when measured against the lives lost by the Indochinese. Nearly 160,000 of Saigon's troops were killed fighting Mr. Nixon's war.

In 1970 he threw another entire country into the slaughterhouse when he sent American troops into Cambodia and precipitated a war there to try to divert the energies of the Vietnamese Communists from the struggle for South Vietnam. Hundreds of thousands of Cambodians died in the conflict and in 1975 the outcome brought to power the homicidal Khmer Rouge, who murdered 800,000 to 1 million of their people in the "killing fields."

Time also meant that the opposition at home against Mr. Nixon's position at home and abroad, as Lyndon Johnson's war, an outcry that left America more profoundly divided than at any moment since the Civil War, would remain itself against Mr. Nixon's war.

The protests brought out the worst in his character. His White House became a place of paranoia and arrogance, with an "enemies list" and a secret "plumbers" unit to illegally wiretap aides suspected of news leaks, to pull dirty tricks on political opponents and to commit burglaries.

The death of Indochina exacted a kind of revenge when Mr. Nixon became the first president to resign his office in disgrace.

Mr. Sheehan is author of "A Bright Shining Lie: John Paul Vann and America in Vietnam" and "After the War Was Over: Hanoi and Saigon." He contributed this comment to The New York Times.

So They Thought America Was Crazy?

By A. M. Rosenthal

NEW YORK — Shortly after Richard Nixon chose to resign the presidency rather than be thrown out, an Iranian general and a French ambassador asked me whatever was going on in the United States.

The general served in the court of an emperor who had just told me that he ruled not by ordinary, generalized right but by specific divine decision conveyed to him by a heavenly messenger. The ambassador served a president to whom political messages were conveyed only by voters, or, between elections, by farmers demonstrating for higher cheese subsidies.

The general and the ambassador had much in common — magnificent manners, superb education and intense loyalty to their leaders and systems of government.

The general, at the shah's summer palace, and the ambassador, in an Asian capital, asked the same questions. What had Mr. Nixon done to bring such disgrace upon himself? Had he participated in that Watergate robbery thing or ordered it?

No? Well then, was there something else, some case of theft or political murder, something so ugly that both press and officialdom had decided — which they said they could understand and approve — to protect America's honor by driving Mr. Nixon out on a technicality?

I explained that the reason for Mr. Nixon's departure was nothing like that but simply what they had heard and read but could not believe. Mr. Nixon had told his aides to get busy to make sure that he and his administration could not be connected to a political burglary he apparently had not known about until after the fact.

It was a cover-up, you see, obstruction of justice, and if done by a president an impermissible violation of the constitution, you understand.

By the time I convinced them that no other crime was being hidden by the American Establishment, the ambassador and the general shared something new in common. Both thought I was a fool and that so were the rest of my countrymen, nation-destroying fools.

For years I have kept running into the same reaction abroad — how could you people do this to a sitting

president, one so admired in so many nations? No other country would have done that! No — and every time I hear it I feel not embarrassment but a new flush of pride for my country. I feel new respect for all those politicians who did decide that presidential obstruction of justice could not be constitutionally tolerated.

I have deeper affection for Americans themselves, most of all those millions who were sick at the political cashing-in of the man they had voted for, but who came to agree that there was no other way.

On any given day the American system and American politics are denigrated by cynics, even more at home than abroad. That won't kill anyone. But it does sometimes prevent Americans from seeing what is good and brave in their conduct. That leads to a kind of automatic self-abnegation, as unhealthy as automatic self-aggrandizement.

No, no other country would have forced a president out on such grounds, because no other country was willing to pay so much to protect a democratic constitution.

Myself, I think Mr. Nixon's greater constitutional offense was to treat federal investigative agencies as his private detectives and personal prosecutors — hounding Americans he considered his enemies.

American insistence that elected officials observe the constitution in all its details produces a sense of fairness and justice done. It also produces the stability that allowed Mr. Nixon to create a fruitful life after so great a disgrace.

Americans looked at him in his last years and asked themselves: Would I have been strong enough to return from such shame? If I were, would I not have the right to do so, under the very constitution that Mr. Nixon violated and that so humbled him?

What Americans would have wanted for themselves they gave to Richard Nixon, with grace.

I could have done without the canonization. To the end he had attacks of mischief-making and to the end he could not see why foreigners should try to do something about things like mass torture in China.

But after paying his price, he claimed his rights and received them, which should be a matter of pride to all. Yes, only in America, that's right.

The New York Times.

Rigid Iraq Merits No UN Mercy

By Warren Christopher

The writer, the U.S. secretary of state, is touring the Middle East.

RIYADH — In the wake of the tragic helicopter accident over northern Iraq two weeks ago, some are calling for a change in U.S. policy. They argue that it is time to find a way to end the confrontation with President Saddam Hussein.

The implication is that Baghdad is ready to make amends and that America is somehow responsible for prolonging the confrontation.

This view is misguided.

It ignores the basic fact that Iraq is not now in compliance with any of the obligations the United Nations Security Council imposed at the end of the Gulf War — even those it accepted as a condition of the cease-fire.

Iraq continues to lay claim to Kuwait. It refuses to account for hundreds of Kuwaitis who disappeared in the occupation in 1990.

And despite a requirement in the Security Council cease-fire resolution that Iraq abandon terrorism, its intelligence services are as active as ever. Last year they tried to assassinate former President George Bush in Kuwait. And this month two Iraqi diplomats in Beirut confessed to killing, Tarek Suleh, an Iraqi dissident.

Baghdad is also engaged in terrorist campaigns against aid workers and UN observers in northern Iraq.

Saddam's instinct for repression is manifest in his campaign against the marsh Arabs of southern Iraq.

These Iraqi citizens, whose way of life has survived for thousands of years, are being driven out of their ancient wetlands. Saddam's engineers have dried out the marshes, and his armies are systematically burning reeds and thousands of dwellings.

Anyone who doubts that Saddam would again inflict the same cruelties on the citizens of northern Iraq should be reminded of the "Anfal campaign" of 1988: 150,000 villages in northern Iraq were destroyed; more than 50,000 Kurds were killed. In the city of Halabja, more than 3,000 Kurdish men, women and children were gassed to death.

For three years, a multinational effort led by the United States to provide relief and protection to northern Iraq has deterred Baghdad from repeating such massacres. But they could recur — with vast displacement of local populations to neighboring countries — if the effort were abandoned.

Some suggest that this danger should be overlooked because Iraq is beginning to comply with UN requirements on weapons of mass destruction. That argument plays into Saddam's hands. International sanctions are eroding his support in Baghdad.

He hopes that if he creates the illusion of abandoning nuclear, chemical and biological weapons programs, the Security Council will lift sanctions on Iraqi oil exports.

But there is no reason to believe Iraq has decided to forswear weapons of mass destruction unconditionally and indefinitely, as the Security Council resolution demands. There is even less reason to believe it will comply with the other UN resolutions.

More likely, Saddam is trying to evade oil sanctions so he can acquire the resources to rebuild weapons he has never hesitated to use against his people and his neighbors.

The international community cannot afford to allow this cynical tactic to succeed.

Saddam has manipulated the suffering of the Iraqi people in his efforts to escape UN sanctions. That suffering is real.

But the responsibility lies not with the international embargo but with Baghdad's policies.

Saddam persistently refuses to take advantage of UN resolutions that would allow Iraq to sell oil to meet legitimate humanitarian needs.

The international community must continue to insist that Iraq meet all its obligations.

International solidarity in maintaining sanctions is now bringing about Iraq's limited and belated steps toward compliance. But Baghdad still has a long way to go.

The stakes are too high to give Saddam the benefit of the doubt or to let U.S. policy be dictated by commercial interests or simple fatigue.

Those who died in the tragic helicopter accident over northern Iraq two weeks ago were engaged in a vital mission: to protect the weak from aggression and to safeguard international interests in a region of the United States. In a significant respect, the Clinton administration's policy toward Iraq will remain firmly dedicated to these purposes.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: For a Soul's Sake

LONDON — The local Governors of the town of Cambridge have been discussing the Sunday question. Two or three thousand Cambridgeites, who at present have little to amuse themselves on Sunday afternoons, want admission to the Botanical Garden on the Lord's Day, where they can study the plants and occupy their minds. The powers that be were talking the matter over and the curator of the garden, a clergyman, was asked for his view. He declared gravely that the thing was impossible because the policeman on duty at the garden had to go to church for his soul's sake. If that policeman did not attend each service the consequences to the spiritual side of his nature might be awful.

1919: The Irish Green

NEW YORK — New York had its second St. Patrick's Day of the year this afternoon (April 28) when the 165th Infantry performed its last

duty of the war by marching up Fifth Avenue prior to being mustered out. The Irish green rivalled the national colors in the flags waved by cheering thousands. Colonel William J. Donovan, accompanied by Father Francis P. Duffy, the idolized chaplain of the regiment, marched aloft.

1944: Soldier President?

ADVANCED ALLIED HEADQUARTERS, New Guinea — [From our New York edition:] General Douglas MacArthur in a surprise statement issued early this morning (April 30) said he would not accept the nomination for the Presidency. The statement said: "I have had brought to my attention newspaper articles, publishing in strongest terms a widespread public opinion that it is detrimental to our war effort to have an officer in high position, on active service at the front, considered for nomination for the office of President. I do not covet (the nomination), nor would I accept it."

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Arts and Antiques

• Old, but Wiser and Costlier Better Research Lifts Prices of Ancient Art

LONDON — Knowledge sells. Where advanced research results in precise understanding and dating, the art of the Ancient World has never been in such high demand.

Since the season began, antiquities from Egypt and Greece have been reaching unheard-of heights. The reason is partly because knowledge dispels the fear of fakes, forever present when it comes to Ancient Art. Hence the premium given to old collections, or to well-publicized collections. When seen by several generations or by a large public, the reasoning goes, an object can be considered to have enjoyed extensive vetting.

Spectacular evidence of the impact of the new criteria on the market came forth twice in December.

The collection of Greek vases formed by a Zurich businessman that was sold at Sotheby's in London on Dec. 9 offers the most extreme case. Originally, the 64 pieces assembled with love and care by Robert Hirschmann were due to go to the small Zurich University Museum. Most were bought after being vetted by Hansjörg Bloesch, a distinguished art historian teaching at the University. An exhibition that was held from Nov. 12, 1987 to March 6, 1988, in the University was meant to be the grand launching of the donation. But this was not to be. It fell through. Swiss collectors report, because a dispute broke out between Mr. Hirschmann and a scholar who disapproves of the destruction of the unofficial excavations which feed the market.

If it had been a publicity stunt devised by an auction house, it could not have worked better. The catalogue entries incorporated the detailed information gathered by the Zurich University scholars. Attic vases can now be dated with remarkable precision — give or take 10 years, sometimes even less. Thousands of Greek vases have been published and continue to be published in an ongoing corpus. Some painters are known by name, and names are given to anonymous artists in a style reminiscent of those coined for Primitives in late medieval painting. Just as there is a Master of the Moirans or a Meister des Maria Lebas (for the sublime paintings illustrating the life of Mary in the Alte Pinakothek in Munich), there is an "Eagle Painter."

It caters to the illusion of precise knowledge. To the Eagle painter was attributed a Cretan vase in the sale which, in truth, is just about the most beautiful vase from Greece or Etruria ever seen on the market. It soared to a hitherto inconceivable £2,201,500 (\$3.3 million), more than double the previous highest price ever paid for a painted vase.

(That should be an inducement to the new owner to set the world's

finest minds on ancient myths to unravel the enigma of this one. Greek literature has not yielded any clue that might explain the meaning of this nude man who clutches a dagger of strangely Middle Eastern design, with the curving blade of an Islamic period poniard, and runs to confront a ferocious marine monster.)

The next highest price, \$881,500, went to a vase made en suite in the same workshop, perhaps by the same man.

The other important pieces sold more predictably in a wide-open price range, from £24,150 (an Attic black figure bydia, or water jar, attributed to "the Antimenes Painter") to £221,500 (an Attic red figure cup attributed by Hansjörg Bloesch to the painter Douris, and by another scholar to "the Oedipus Painter," a pupil of Douris).

The fact that not one item failed to find a buyer illustrates the irrepressible enthusiasm that total confidence in authenticity can unleash.

The same feeling of being a field where problems of authenticity are thoroughly dealt with accounts in large part for the phenomenal success of Egyptian art at auction in the last decade.

Thanks to excavations that were scientifically conducted earlier and on a larger scale than in any other field of archaeology — thanks also to the extensive use of hieroglyphic inscriptions that identify scenes and name rulers and patrons — scholars studying Egyptian art achieve a degree of precision rarely matched. Collections are spared the wild variations in dating or regional attributions. They feel secure and their confidence has an impact on the most modest items.

This could be seen in a small sale at Bonhams on Dec. 7, where Antiquities that were not Egyptian did not do too well. At one point, there was a long patch in which Roman bronzes, glass, gold dropped dead by the dozen. From lot 120 to lot 220, I counted 65 unsold works. And then, when came the turn of Egyptian objects, it was as if a new chapter of art market history was being written.

A large number of small Egyptian figures and vessels, rarely of great distinction and sometimes remarkably disfigured in appearance, came up as the "property of an English collector" otherwise unnamed. They sold like hotcakes, often to well-known dealers who welcomed many modest pieces

total confidence in authenticity can unleash irrepressible enthusiasm.

Excitement grew in the afternoon as Christie's sold the third and last part of a collection of Egyptian glass, which was found in Egypt in the 1920s and 1930s. In any other context, the tiny fragments and restored pieces would not have soared to the same levels. However beautiful the emerald green of a mosaic glass dish with a whirling pattern of white spots may be, £11,500 for a piece of which nearly half is broken off is a large amount. Some would argue that £21,850 for five minuscule turquoise green hieroglyphs each measuring a few centimeters, is even more astounding — Christie's had hoped to get £3000 to £5000.

The sale climaxed as a glass mosaic bowl, probably of the first century B.C., made £59,800 in a contest pitting Naser Mokhtarzadeh of London, one of the Iranian twin brothers who own the Mansur Gallery, against Ali Abu Tam, a Beirut dealer who won the touch of poker game that was perceptible as each of the contestants became more excited, such a price reflects the most potent mixture in

the art market: certainty as to the nature, period and provenance of the object; certainty as to its extraordinary rarity (there may be no other piece of that size and quality left in private hands); and certainty of the relatively large potential constituency that Egyptian art in general, and rare glass in particular, enjoys.

The possibility of demonstrating that these objects left Egypt over half a century ago may have played an additional role. Those

who keep an eye on international trends are convinced that one day an internationally sponsored ban on trading in certain categories of excavated antiquities must prevail. Objects that cannot be proved to have left their probable country of origin legitimately, or at some distant date in the past (World War II is likely to be ac-

cepted as the cut-off line) will no longer be easily marketable. Museums will stay away from them. But for those pieces that will not come under a cloud, such as the glass sold at Christie's, the commercial future will look brighter than ever.



The price of this Greek vase set a world record for any antiquity.

Impressionists Make a Comeback, But With Caveats

Success of Sales Is Now Determined By Aesthetic Quality, Not Labels

By Souren Melikian

LONDON — Impressionists and other Avant Garde movements from the late 19th century to World War I are once again leading the market. Here and there, huge prices are being paid at auction.

But if the money is back, the madness of the late 1980s is not. The environment is different, and so are the buying patterns. These buyers are a mixture of caution and boldness. The buyers are either battle-hardened old warriors who know exactly what they are doing, or newcomers apparently keen to follow in their footsteps.

In the art market what will come next is often outlined in the first 10 lots of an important sale. What happened at Christie's in New York last fall, when the first substantial auction of the season was conducted Nov. 2, laid the ground rules for all that has happened since. The first eight paintings were interesting because they came from an estate, that of a true collector, the late Joseph Grus.

They all sold according to their respective aesthetic quality, not simply by category — according to name and size — as so often tended to be the case in the late 1980s. The contrasting fate of the two Pissarros that opened the sale is revealing. The first one, a fine drawing heightened with pastel of two women, made \$178,500, one fifth above the high estimate. The second one, a gouache, bristly done and sparkling with an irresistible charm, shot up to \$332,500, nearly twice the high estimate. The auction house experts, doing their job, had based their estimates on the old criteria. The buyers looking at the works gave them ratings adjusted to their respective qualities.

Two minutes later, it was the turn of a Van Gogh still life to illustrate the new trend. The bouquet in a glass bowl was painted in 1886 in Paris at a time of transition. The composition and the color scheme betray the impact of the 17th century Dutch heritage while the brushwork, in vigorous sketchy strokes, is, if anything, more advanced than Impressionism. In short, the still life is atypical but it is also very beautiful. Estimated to be worth \$600,000 to \$800,000 plus premium, it climbed to \$1,487,500, exceeding by half the highest price expected. Nothing could have been more justified.

The high point of the sale was a pastel of two ballet dancers bending to touch the ground with one hand. Degas painted it in 1885. It is not the greatest, but these days it is hard to come by a better instance of the quintessential Degas subject. The ballet dancers accordingly rose to \$7,042,500, a high price given their frozen appearance and empty eyes. At that point the relief of the auctioneer, Christopher Burge, who is also one of the finest market commissioners in the field, became obvious. So was the more relaxed attitude of the professionals who had come in droves to test the waters. By now they knew that the market was back on track.

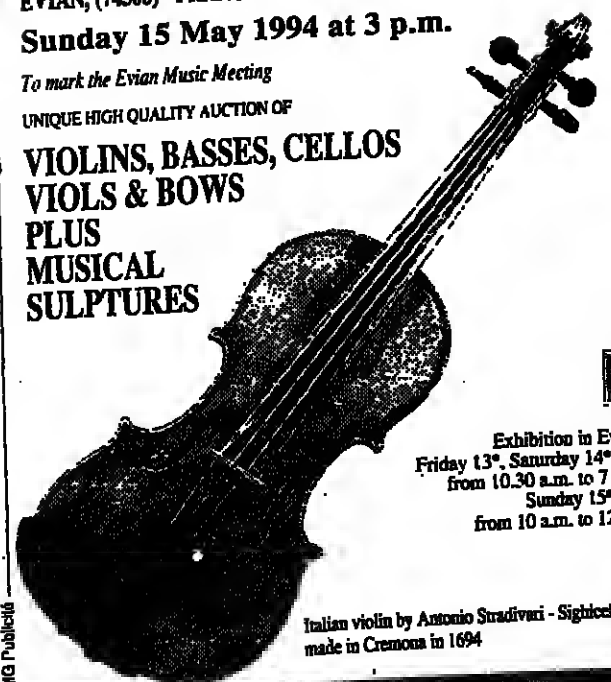
The next major test came a day later at Sotheby's, where the sale added some important touches to the picture of the revitalized market.

Souren Melikian

Continued on Page 8

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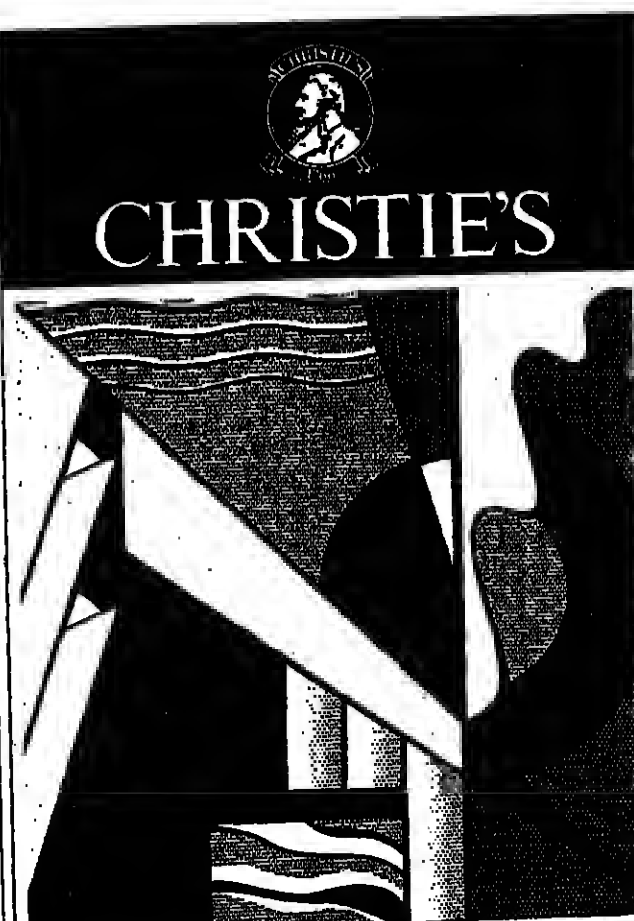
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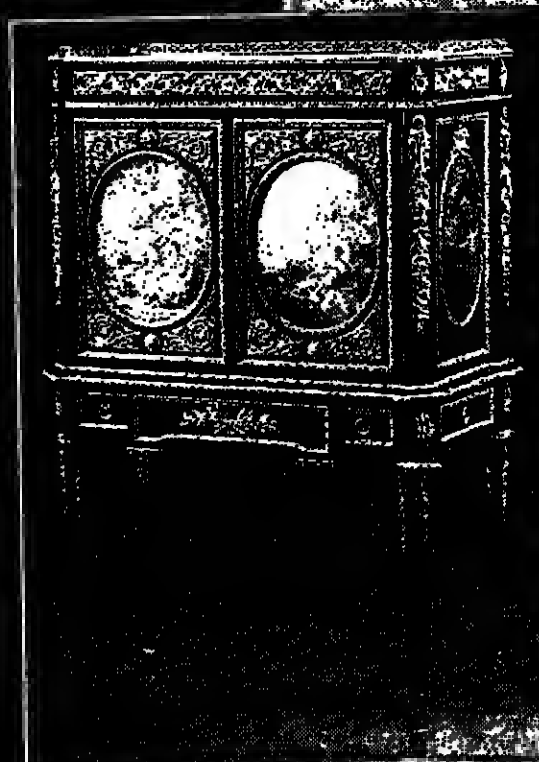
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Arts and Antiques / A Special Report

Hockney's Focus: New Ways of Seeing The World's Beauty

By Diana Rico

LOS ANGELES — Most people, when they reach their mid-50s, start to think about the gentle pleasures of retiring. Not so David Hockney. The 56-year-old Yorkshireman — who, ironically, has become known worldwide as the quintessential painter of California, where he has lived since 1976 — is if anything stepping up the pace. He will have new paintings and drawings exhibited this year, and next, an autobiography has recently been published. Both new and retasted opera works are planned and a couple of retrospective shows thrown in for good measure.

"My work will be stopped when I fall over," declares the bespectacled artist, only half-jokingly. In an interview on a recent spring day in the orange-walled, blue-carpeted den of his Hollywood Hills home, Mr. Hockney exuded an engaging blend of restless schoolboy energy and bone-dry Noel Coward wit. From the gaily colored sofas ome could see his pool — made famous in his 1970s paintings of little male bathers — surrounded by bougainvillea in brilliant bloom. He was preparing to fly to Houston, where his voluptuous set designs for Puccini's Turandot, first created for the San Francisco Opera last year, were being remounted for a production by the Houston Grand Opera April 21-May 8.

Assistants wandered in and out as he showed a video he had just made of recent abstract gouache paintings and crayon portraits of family and friends. The portraits will be exhibited at the 1853 Gallery in his birthplace of Bradford,



A gouache drawing by David Hockney, 1994.

England, in July and August; the show then travels to the Andre Emmerich Gallery in New York and to L.A. Louver Gallery, where an exhibit of new abstract works has just closed.

An acknowledged modern master of drawing, Mr. Hockney will also have a major retrospective of his works in this medium being organized by the Hamburg Kunsthalle. The show is due to open in 1995 and will travel to London's Royal Academy of Arts, the Centre Georges Pompidou in Paris, the Los Angeles County Museum of Art and the Guggenheim Museum in New York.

"I see the world as beautiful, and I try and point it out in others," says the artist. "I think we should see it as beautiful for us to deny that would be terrible. And it's often denied because we can't look at it right."

Mr. Hockney has dedicated his working life to learning to "look at it right." Creating thought-provoking art as a student at London's Royal College of Art in the 1960s, his earliest works mixed figurative and abstract elements in offbeat ways, faithfully reproducing the conventions of representational painting while playfully reminding us that art is, after all, only make-believe.

After coming to California for the first time in 1964, Mr. Hockney had an artist's love affair with pool water, depicting it in silky squiggles, with interlocking masses of limpid greens and blues, and in swishy brushstrokes dissolving into mosaics of light. He also captured the landscapes of Los Angeles — the hazy modern buildings, the twisty canyon roads, the textures of sea, mountain, and subtropical foliage — in increasingly complex paintings

that by the 1980s had become full-blown meditations on the mechanics of seeing.

A selection of these works can be seen in "Hockney in California," an exhibit at the Takashimaya Art Gallery in Tokyo through May 10 that will travel to Kagawa, Fukushima, and Chiba.

Mr. Hockney has worked with a wide range of media — from his Cubist photocollages of the 1980s and his opera sets, to printmaking, faxes, xeroxes, video stills, and computer art. What underlies these all is a playful sense of experimentation and a desire to find new and, he believes, ever more accurate ways to reproduce what the eye sees.

Take his latest project, a commission to design sets for a television opera contest in Mexico City in the fall. One reason he's screening a video today is to see how painted colors turn out on the TV screen. "I think we can make fantastic color that you've never seen before because nobody's taken the trouble to think about how the color should get to the screen," he says.

This sort of investigation has brought him under fire in some quarters. His strongest work in recent years has been outside of the accepted realm of painting. "Many artwatchers who have continued in life in hope of something important to come," wrote one critic last year, "believe Hockney has become sidetracked in a blind alley of permanent experimentation."

Mr. Hockney seems unperturbed by these criticisms. "When you get to be my age as an artist, you don't really care what criticism there is. I've had the great advantage in my life that I've never been taken too seriously, because you're more or less left alone to do whatever you want to do," he laughs. "I pursue my own intuitions, and they've never let me down."

Another volley he sometimes takes is for the sunlit optimism of his work. Lately, however, a subtle sense of emptiness has crept into the paintings, billowy abstract landscapes unpeopled by figures.

He discusses his isolation, which is partly the result of encroaching deafness, in his autobiography, "That's the Way I See It," which was copublished in November by Thames & Hudson in Britain and Chronicle Books in the United States. Long an open homosexual, Mr. Hockney also admits that the loneliness grows out of the deaths from AIDS of more than two dozen friends.

"My answer to the idea 'Your art's too pleasing' is that I have to make the art I need and feel is in me," he says. "I'm deeply aware it's not a perfect world, I'm deeply aware it's full of sadnesses. Nevertheless I think a visual art that is a pleasure to the eye is quite important. The urge in pleasure is very strong in us. What I do, I hope, is express my own joy in the world, no matter how bad it is."

DIANA RICO, editor of International Documentary magazine, writes for ARTnews, Harper's Bazaar and G.Q.

15 Minutes' Fame, Continued

By Dana Micucci

PITTSBURGH — A city best known for its steel, hills and bridges also happens to be Andy Warhol's hometown and the site of one of the major American art events this year.

The Andy Warhol Museum, billed as the most comprehensive single-artist museum in the world, will open its doors May 16 in a renovated historic warehouse in downtown Pittsburgh. The museum will house a collection of more than 3,000 works by the Pop artist, the largest holding of Warhol's art.

Many of the paintings, drawings, sculptures, photographs and films, which have been donated by New York's Dia Center for the Arts and The Andy Warhol Foundation for the Visual Arts, have never before been exhibited. The Carnegie Institute in Pittsburgh, a third partner in the project, will provide financial and administrative support.

The idea for the museum was initiated by Dia, which had been organizing an ongoing series of Warhol exhibitions. Philip de Menil, the noted art collector and patron of Dia, reportedly secured agreement from Warhol before his death in 1987 to pursue a long-term venue for his work.

"Our aim is to present the life and work of Warhol, one of the greatest innovators of our time, in the context of 20th century art," says Thomas N. Armstrong III, director of The Andy Warhol Museum and former director of The Whitney Museum of American Art in New York. "The scope of his creative activity was extraordinary. More than any other figure of this era, he challenged our way of thinking about art."

The museum's collection, selections from which will fill six floors of galleries, comprises a full range of Warhol's works from the mid-1950s to the late 1980s. Nounble among them are his sculptures of Brillo boxes and Heinz boxes, the silkscreen paintings "Three Marilyns," "Elvis (11 Times)," and "Campbell Soup Can," and films from the '60s, including "Empire" and "Sleep." Also on display will be his self-portraits, "Disaster" and "Last Supper" paintings, and commissioned portraits from the '70s of Mao Zedong, Mick Jagger, Princess Caroline of Monaco and others.

A special feature of the museum is its vast archive of the artist's correspondence, diaries, source materials for paintings, 2,500 videotapes and audiotapes, and over 600 "time capsules" boxes filled with such ephemera as letters from Liz Taylor, magazines, postcards, junk mail and restaurant menus that Warhol collected to document his daily life.

"It's central to Warhol's long-term legacy to have this tremendous expression of his art in one place," says Archibald L. Gillies, president of The Andy Warhol Foundation for the Visual Arts. "The Andy Warhol Museum is similar in concept to the Musée Picasso in Paris, but it's bigger and more varied."

The notion of a single-artist museum is fitting for a prolific artist like Warhol, who worked in such a broad variety of media, according to Charles Wright, director of Dia Center for the Arts.

"It's appropriate to see Warhol's work en masse in a large space," says Mr. Wright, whose mission at Dia is to present the work of single artists in great depth. "The new museum will give one an idea of the obsessive way in which he worked."

The Andy Warhol Museum will also offer lectures, a public education program for neighboring schools, a bookstore and cafe and screenings of Warhol's films and videos in a theater equipped with original 1928 Marcel Breuer chairs from a movie house outside Paris.

Warhol was born in Pittsburgh in 1928. He studied design at Carnegie Mellon University, and in 1949 moved to New York City, where he became a successful commercial artist.

His meteoric rise from artist to Pop icon began in the early 1960s, with exhibitions of his paintings and silkscreens. Throughout the next two decades, his artistic output grew to include films and videos, the rock group "Velvet Underground" and interview magazine, all part of a commercial empire that made Warhol a cultural phenomenon worldwide.

"Anyone who wants to understand the 21st century, whether a scholar, engineer or poet, will have to see how Warhol understood the 20th century," says Kasper König, dean of the State University for the Fine Arts in Frankfurt.

A selection of Warhol's art will be on display in Europe in the coming months. An exhibition of his abstract works from the '70s and '80s, including his camouflage paintings, will be at the Roussoum in Malmo, Sweden from May 21-July 31, and will travel in I.V.A.M. Centre Julio Gonzalez in Valencia, Spain in September.

The Anthony d'Offay Gallery in London is presenting a show of Warhol's portraits from the '70s and '80s through May 28, while an exhibition of 47 works on paper by Warhol will be on view at Munich's Edition Schellmann from April 27-Sept. 30.

DANA MICUCCI is a journalist based in New York.

Roots of Sotheby's Global Art Empire

By Barry James

AN 18th century book-seller who hit on the idea of auctioning book collections for the aristocracy sowed the seeds of Sotheby's, the world's biggest fine arts sales empire, which is celebrating its 250th anniversary this year.

With operations in more than 100 countries and sales of more than \$13 billion last year, Sotheby's traces its origins to Samuel Baker, a London bookseller who set up in business in 1733. He arranged the first auction of a library under his own name in 1744, which Sotheby's counts as its official year of birth.

An important theory in aesthetics holds that anything can become a work of art provided that "the market" accepts it as such. Sotheby's and its main rival Christie's are key players in this market. And with its lavish and heavily publicized shows, Sotheby's has played an important part in driving art prices upwards.

"It is a question of knowing how tastes are evolving and how opportunities are moving," said Diana Brooks, the recently appointed president of Sotheby's Holdings. As she added, "it is a part of the world that is going to be extremely important because of its economic potential."

Books provided the bulk of Sotheby's livelihood for its first 20 years, but in the past half-century it has branched out into selling anything from bibelots to real estate, virtually anywhere.

Baker's first sale of "several Hundred scarce and valuable

Books in all branches of Polite Literature" fetched what was, at the time, the whopping sum of £826.

Eleven years ago, Sotheby's sold a single book for £8.14 million (\$12 million at current rates), a world record still. The price paid for the Gospels of Henry the Lion by a consortium of German states and banks was also at that time the highest price paid for any work of art. The book is on display at the museum in Wolfenbützel, near Hannover.

Baker and his successors banded most of the great libraries sold during the next 100 years, including that of Talleyrand.

In 1767, Baker went into partnership with George Leigh — a gifted auctioneer who exploited his natural sense of theatrical timing to push prices higher.

When a high priced book is balancing between £15 and £20, it is a fearful sign of its reaching an additional sum if Mr. Leigh should lay down his hammer and delve into his snuff box," said one contemporary.

The first Sotheby was Baker's nephew, John, who extended the company's role to take in the sale of prints, coins, medals and antiques.

The last of the Sothebys died in 1861. Since then the company has gone through the hands of various partners.

In 1917, the auction house moved to New Bond Street, where its sales of works of fine art and antiques began to outstrip those of books.

With the decline of many of the great British country houses in the 1920s, Sotheby's hit on the idea of organizing sales in the old homes themselves. The company bounced back quickly after World War II, taking advantage of the partial relaxation of exchange control regulations that enabled London to become once again an international auction center. In 1955, Sotheby's opened its office in New York.

The fine arts business began booming in the late 1950s with the first of the major sales of Impressionist and post-Impressionist works. In 1957, Sotheby's held its first evening sale since the 18th century, with guests and bidders asked to wear evening dress. The collection of seven paintings fetched £781,000, including Cézanne's Garçon au Gilet Rouge, which was sold to Paul Mellon for

£220,000 — seven times more than had been paid for any modern painting at a British auction.

Since the opening of the New York office, Sotheby's has concentrated its development abroad.

The 1980s saw a booming market in most categories, and in 1987 Sotheby's sales topped \$1 billion for the first time. They shot up to \$1.8 billion the following year, \$2.9 billion in 1989 and \$3.2 billion in 1990, only to fall back to \$1.3 billion the following year with the Gulf War and the onset of recession.

After two more relatively lean years, Sotheby's says that confidence and growth are returning to the market. Mrs. Brooks said that a realistic market "would be somewhere between where we were and where we are."

Fortcoming sales include the shark that once hung in the Harrod's food hall, four original gypsy caravans, China's most valuable stamp and a Turkish oil lamp, as well as more traditional fine art objects and paintings.

Barry James is on the staff of the International Herald Tribune.

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Is Market for Precious Stones Sparkling Once Again, or Just Blinking?

By Souren Melikian

VIGOROUS or softening? Depending on who you listen to—the gem professionals or the auction house experts—the answers have never been so widely divergent in the jewelry business. At the top, the market looks reasonably impressive. On April 12, Christie's had every reason to congratulate itself when a star ruby and diamond ring, which it expected to knock down between \$220,000 and \$260,000, rose to \$1,080,500, setting a world record for a star ruby at \$41,000 per carat.

This one had a star design with remarkably straight, clear-cut lines. Given its deep red color and the large size—26.40 carats—this made it irresistible. But while professionals thought it might double the high estimate, no one dreamed it would multiply it more than fivefold.

The buyer's name is Mohammed Mahdi al-Tajer from the United Arab Emirates. His collection of European silver from the 17th to the 19th century could be admired in a London show in January 1990. Stone professionals will be surprised to learn that Mr. al-Tajer is also prepared to go for the top in rare stones.

Two days later, it was the turn of Sotheby's to enjoy triumph with big gems. At \$4,402,500, a diamond necklace with 10 pear-shaped pendants of D-color, internally flawless (in the jargon of the Gemmological Institute of America, this describes the top of the top) has become the most expensive necklace ever sold at auction. The signature of Harry Winston obviously made a difference. As a jeweler who insisted on remaining anonymous pointed out, he alone in the past would have had the financial ability to buy as well as the courage to keep long enough the 10 diamonds, which together weigh 99.34 carats.

Today, this would probably be impossible for anyone including the Harry Winston firm. (The two sons, Bruce and Ronald, who took

over the company are locked in a highly publicized dispute that paralyzes and even threatens the very existence of Harry Winston, as the Miami Herald concluded in January.)

The anonymous jeweler reckons that it would have taken Harry Winston at least a year to gather and cut the stones to perfect symmetry. In some cases, this probably involved a small loss of weight and, therefore, increased the cost. In addition, there were many smaller diamonds whose color grades, conveyed by letters of the alphabet according to the system of the Gemmological Institute of America, were not nearly as good as "D." All together the investment, even for such a powerful company, must have been phenomenal before the object was eventually sold. Here too, the rarity of the finished product was the key to the successful outcome.

Yet there was no great rush. The unprinted estimate quoted to New York professionals was \$4 million to \$5 million, (without premium). But the stonecutters and retailers alike kept saying it was worth perhaps \$3.5 million to \$3.6 million, including the 10 percent premium. In the event, it was bought by Ahmed H. Fitaibi, president of the retailing business based in Jeddah, Saudi Arabia, that carries his name. Mr. Fitaibi, who confirmed in a telephone interview that he did acquire it, said he had bought it on the reserve.

John D. Block, director of Sotheby's jewelry department, for his part assures that he had "three bids on the telephone at \$3.5 million." That does not actually contradict Mr. Fitaibi's contention. Many in New York jewelry circles are convinced that he was indeed the only real contender.

Nor is it by any means the only significant acquisition that the Jeddah Jeweler made that day. Minutes before, the other sensation in the sale was a "Fancy Blue Natural color diamond, the largest round brilliant cut diamond of fancy blue color (13.22 carats) ever offered at auction," Sotheby's catalogue entry observes. It climbed to \$4,237,500.

At \$320,499 per carat, this makes it the third highest price per carat for a blue diamond. The record price for Fancy Blue Diamonds now stands at \$500,000 per carat. These twin purchases made Sotheby's day and were enough to raise its sales to nearly 50 percent more than Christie's. They also serve to underline the extraordinary fragility of the market which, in the past four years, has been increasingly dominated by a single buyer, Mr. Fitaibi emerged rather suddenly on the international scene in the autumn of 1990. In November last year, according to one stonecutter, 70 percent of Sotheby's sale by value in Geneva was bought by the Jeddah merchant.

This time, according to the calculations of a professional who declined to be identified, had Mr. Fitaibi not been bidding, the failure rate by value at Sotheby's and Christie's would have been around half the total knockdown in both houses, instead of just over 20 percent at Sotheby's (where sold items added up to \$29.5 million) and 31 percent at Christie's (which sold \$20.2 million worth of jewelry).

In other words, the apparent bullishness at the top, with prices sailing close to all-time highs, conceals a certain lack of stamina. The one-horse cart could topple if the only horse stalled. Some stonecutters and retailers who are now the main source of supply of auction houses are deeply concerned about the current trend. Compounding the problem, the auction market in the middle area, say for good diamonds weighing 5 to 8 carats, is getting softer from one sale to the next. John Block said that in mid-April there was "no support from the trade."

At Christie's on April 12, a stone ring with a pear-shaped 3.66 carat diamond of G color and VS1 clarity was bought in at \$20,000—\$5,400 per carat—without any bid coming from the room. It was estimated slightly on the high side at \$8,200 per carat. But a jeweler said it should have sold. If you wanted one in the trade, you would have had to pay \$7,000 to \$8,000 per carat. At Sotheby's there were similar cases. A 3.25-carat diamond ring was bought in at \$13,000, below the \$15,000 to \$20,000 estimate. It has no color or transparency grading certificate. A professional who looked at it says it is probably H or I on the Gemmological Institute of America chart. There are just no takers for these kinds of stones.

But William Goldberg, the renowned New York stonecutter, corrects this impression of a weaker market for small stones by citing his own experience at the Basel fair in April where the family business sold several stones in this range. His view is that there were too many mediocre, undesirable stones in recent auctions.

Undoubtedly, things only look up when a rarity factor comes in. Signed jewels incorporating important stones do well. At Sotheby's, a ring with the signature Winston on the platinum mount carried a 3.36 carat diamond rated by the GIA to be D color, and VVS2 in clarity. But the working diagram notes that it is "potentially flawless." In plain English, by repolishing and reducing its weight minimally, perhaps to 33.55 or 33.58 carats, it will turn into a so-called flawless stone of the highest order. Hence the \$2,147,000 that it eventually made.

This represents \$64,700 per carat and compares with the \$62,528 per carat which was given on June 15, 1987 at Sotheby's New York for a 35.87 carat flawless diamond. In the category immediately under the top, the price level is pretty much the same as in 1987. Nor

should this come as a surprise. Much the same state of affairs is to be observed in various areas of the art market.

Another example of a successful signed jewel is the sapphire and diamond necklace made by the Swiss-born Oseriat in Paris around 1935. At \$937,500, it exceeded even Sotheby's expectations.

At Christie's the pattern was the same. A diamond necklace with two rows of graduated circular-cut diamonds flanking a central band of three-stone motifs imitating leaves was designed by Harry Winston in the early 1950s. GIA certificates indicate the stones were of F or G color, with varying grades of transparency. It went up to \$541,500.

Both rooms now pin their hopes for the future on the Far East, with Christie's running ahead of Sotheby's. On Oct. 10, 1993, it held the first ever auction of jewelry and watches in Taipei.

On May 2 and 3, François Curjel, director of jewelry sales at Christie's worldwide, will be conducting the first jadeite jewelry and watches auction in Hong Kong. On the glitter market, the confrontation between the big two now extends to the Far East.

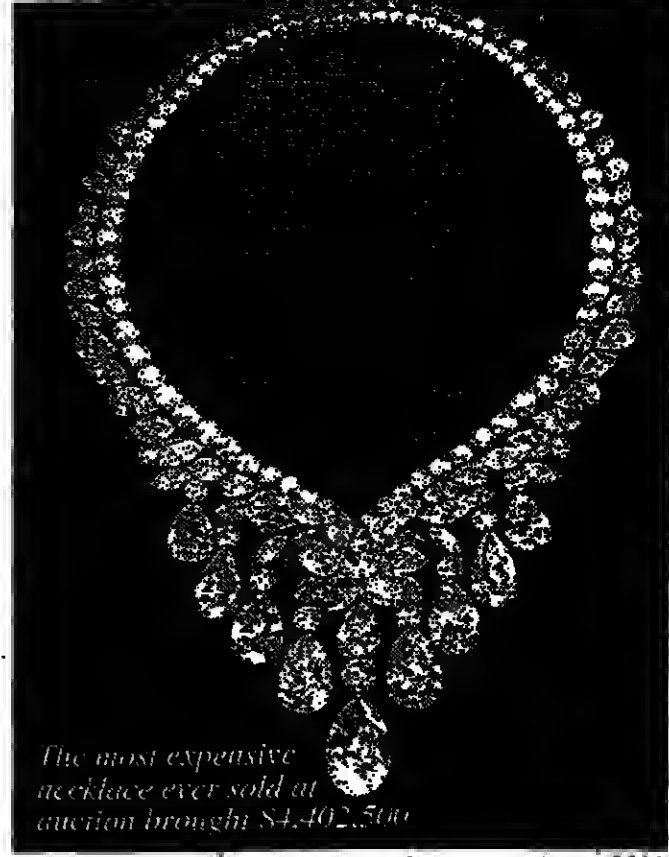
My own choice would have been a copper basin executed in repoussé around 1650. It was recovered about 10 years ago from a canal in Amsterdam. The inner well is lobed, obviously under the influence of some shapes in Chinese porcelain, which by then was imported into Holland by the thousands. The deep black chert of the patina adds to the attraction of the object, otherwise in perfect condition. It was probably buried deliberately, possibly with the personal belongings that could not be burnt of some victim of the plague, or cholera, as was customary to stem the spread of the epidemic. It is so unusual that one well-known dealer turned it down some years ago, pronouncing it to be a fake. The object, which carried the modest price tag of \$2,400, can now be admired in the Amsterdam Historical Museum.

Examples of rarities of this type, not all sold at once, can be multiplied. Axel Verwoerd, an Antwerp dealer, was displaying a hitherto unrecorded set of four portrait medallions cast in bronze, in the greatest Fontainebleau school style around the middle of the 16th century.

For a variety of reasons, some of these objects would probably never reach the auction houses. In some cases, they might not have been recognized for what they are, such as the two low relief figures from the scattered Antwerp ensemble. Or they might have not been deemed "commercial" enough, such as the \$2,400 Amsterdam basin. All fundamentally appeal to a very small number of highly sophisticated buyers. The atmosphere of hysterical competition in which prices can be typed to death has no influence on them. Other objects need to be considered at length before reaching a decision, as for example the French bronze portrait medallions. Again, the auction house is not the ideal place.

But, above all, dealers have the patience, the know-how and, not least, the contacts in the collecting world to find them. Auction houses have a few months to build up a sale. Dealers can take years, or much longer if they want to, to prepare for an art fair. Visitors see more at Maastricht than they do in any auction and they have more time to make the final decision to buy than the split fraction of a second when the auctioneer's gavel threatens to come down.

For all rarified fields, where quantity and quality are interestingly the problem, the top-level art fair is the ultimate solution. And from the Middle Ages to the Early Baroque Age the name of that art fair, nowadays, happens to be Maastricht.



The most expensive necklace ever sold at auction brought \$4,402,500

As Auctions Decline, Dealers Dominate in Medieval Works

By Souren Melikian

LONDON—Slowly, the market pendulum is swinging back in favor of the trade versus the auction houses when it comes to the art of the Middle Ages, the Renaissance and the early Baroque Age.

Last March, at Maastricht, walking through the stands of the dealers who specialize in the field was like going through one of those fabled auctions, replete with works of every category, in every price bracket that were still being held a decade ago. The only difference is that they were not illustrated in one catalogue as is the case in auction houses. By contrast, leaving through the two catalogues issued this month by Christie's and Sotheby's where the art of six or seven centuries is lumped together under the faintly ridiculous title "European Sculpture and Works" was a disappointing experience to anyone used to the abundance of anyone.

There was a telltale similarity between the covers of Christie's catalogue on April 20 and Sotheby's catalogue of April 21. Both

had so little qualifying as "Medieval" that they laid emphasis on early Baroque sculpture. Christie's cover reproduced the detail of an early 17th century bronze figure of Venus from some Venetian workshop, perhaps that of Niccolò Roccatagliata. It was sold for \$9,200 (\$13,610). Sotheby's ran a marble group of Jupiter and Juno, merely characterized as "French, second half of the 17th century." That went for \$33,350.

The selection of such objects as cover lots underlines the slow decline in quality of what is on offer at auction. Both were good, but not brilliant. Sure enough, there was much in both catalogues that looked like filling in, which showed in the outcome of both sales. Of the 111 lots entered by Christie's, 41 were left unsold. At Sotheby's there were 225 casualties out of a total 423 objects or groups of objects. While the total sold added up to \$785,620, this is not much of a performance.

Above all, there was nothing to match in quality the finest of the Maastricht fair objects, nor, even more importantly, to create the surprise effect that is essential to grip the collector's attention. The star at the fair, not just in Maastricht's assemblage, but for the whole season so far, was the 142.7 centimeter (57-inch) statue of Isabella the Catholic, Queen of Spain. Carved in the mid-1490s, the style of the polychrome wood piece is reminiscent of Gil de Siloe's work.



Queen Isabella of Spain

At the "private" viewing, the representative of the Ministry of Culture announced that Spain was buying back the statue, which had been lost sight of since it had been sold in New York in 1927. It was to be set up at the top of the grand staircase of the Alcala de Henares University in Madrid, founded, precisely, by Isabella. Trade sources say the price was over \$250,000.

There were other finds at Maastricht. A few are almost as sensational in their way to the collecting world, if not in that price league. On the stand of Patrick Reijgers-

berg of Haarlem, two large stone fragments from a baptismal font caught the eye. The figures of apostles or saints standing in high relief under Romanesque arches had the stiff dignity of early 12th century sculpture in Northern Europe.

They were acquired by the city of Maastricht for the Treasury of Saint-Servais (Saint Servaas in Dutch) in the Romanesque cathedral which has a few exceedingly precious works of art from the Middle Ages. The price was in the area of \$70,000.

When it comes to the Renaissance and the Baroque period, an abundance of high-quality wares at Maastricht compared with the auction houses was more astonishing, in terms of sheer numbers. On Reijgersberg's stand alone, I saw four objects that qualified as museum works. A casket designed like a gable-ended house constructed of very heavy planks, beautifully carved with a low relief pattern of the late Renaissance, was fitted with etched steel mounts in a Baroque fashion. Inside, shallow circular cavities where leather bags filled with gold coins would sit without moving, revealed its destination as the traveling safe of some banker. One might just imagine Fugger on the move. The asking price was 80,000 guilders (\$42,100). Within hours the casket was gone.

So were two low-relief carvings from some large-size group in the best early Renaissance style of Antwerp, probably in the 1520s. The two characters, one wearing

the Ottoman-style turban reserved in Renaissance Italianate iconography for Middle Easterners, whether intended as Jews or Muslims, the other in Western armor, are seen moving forward with a swinging clan that is remarkable. The two were sold together in the area of 125,000 guilders.

My own choice would have been a copper basin executed in repoussé around 1650. It was recovered about 10 years ago from a canal in Amsterdam. The inner well is lobed, obviously under the influence of some shapes in Chinese porcelain, which by then was imported into Holland by the thousands. The deep black chert of the patina adds to the attraction of the object, otherwise in perfect condition. It was probably buried deliberately, possibly with the personal belongings that could not be burnt of some victim of the plague, or cholera, as was customary to stem the spread of the epidemic. It is so unusual that one well-known dealer turned it down some years ago, pronouncing it to be a fake. The object, which carried the modest price tag of \$2,400, can now be admired in the Amsterdam Historical Museum.

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SOUREN MELIKIAN is author of the International Herald Tribune.

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Sotheby's Loses a Rising Star

PARIS — Sotheby's has lost its rising star in the Old Master paintings arena. Etienne Bréton, director of the Old Masters department at Sotheby's France, has revealed that he is resigning.

After nearly eight years in his present capacity, Bréton is to join forces with Marc Blondeau SA, the Paris art brokerage and consultancy operation set up in September 1987 by another former Sotheby's star. Bréton's departure has far-reaching implications for the com-

SOUREN MELIKIAN

pany. He belongs to the tiny elite of those who went into the art business driven by an early and intense desire to do so.

Bréton said in an interview that his vocation was triggered by the visit of a French dealer to his parents' apartment while he was attending high school. They needed a valuation of the family paintings. As the late François Heim strode into the drawing room with his determined military bearing, he caught sight of the portrait of a woman hanging over the chimney and said as a matter of course: "Ah, you've got a good Thomas de Keyser there." The ability to identify at first glance the work of a little-known Dutch painter of the 17th century greatly impressed the teenager.

He, too, would be an expert. After graduating in art history from the Sorbonne, the young man did the art training course at Sotheby's in 1982-1983. This was followed by a two-month spell under a French expert Jacques Kantor and another 17 months in the employ of the art dealer Jean Gissinoff, for whom he built up a small choice collection of 18th-century masters. In July 1986, Blondeau, who was head of Sotheby's France, hired him to become Sotheby's expert in Old Masters and put together the Monte Carlo sales in the field.

Blondeau's instinct was quickly proven right. Bréton's eye was sharp. He performed an early stunt when a young student called Philippe Guinot came in with a painting he had just bought at a French provincial auction for a few hundred francs. This, Bréton quickly found, was a preparatory sketch for Charles Le Brun's "Scévola Confronting Porcena," painted about 1640-1650. The hunch was brilliant. The early work is in a strong Caravaggesque vein. Bréton took it into his sale with a 150,000 to 200,000 franc estimate. He sold it for 250,000 francs. The student was over the moon. He later became a gifted dealer based in Bourg-en-Bresse.

Greater finds were to follow. One day Bréton saw a farmer walk into his office with a family Dürer, wrapped up in a brown paper. Unfortunately, the Dürer was a copy. The farmer bit his lip and said he would come back. He had plenty more at home. Bréton firmly encouraged him to put photographs in the mail rather than to go so much trouble. The photographs duly arrived. It was Bréton's turn to bite his lip. To his disbelief, a whole group of unrecorded works by the great Neoclassical painter Anne-Louis Girodet could be recognized from the amateurish snapshots. He rushed to see the farmer.

Among his pictures, the portrait of a melancholy child dated 1800 stood out. He is seen leaning three-quarters, holding a book open dan-



Josse Lieferinxe painting of the Visitation, sold for 1.3 million francs.



Etienne Bréton, who will join a Paris art brokerage.

gling from his hand. The title of a Latin grammar leaps to the eye, "Les Rudiments." Back home, Bréton discovered that a portrait by Girodet was sent to the Salon in 1800 under the title "Portrait of a Child Studying His Rudiments." As the salon catalogue called it. Eventually, Bréton came across a print by Mondavsky and Desvigne that bears out the verdict. It is a view of the Salon room with the pictures hanging and, right in the middle, there appears the melancholy child.

The 1800 catalogue even names the sister, Roméville Trison, son of the doctor who was Girodet's patron. Along with the other Girodet, the portrait was included in Sotheby's June 16, 1991, sale with a 1.5 million to 2.5 million franc estimate. Later, however, it was pulled out. Pierre Rosenberg of the Louvre wanted it and Bréton negotiated a private treaty sale through Sotheby's to the museum.

Bréton's greatest satisfaction in that sale of the farmer's pictures, which netted over 11 million francs, was identifying a "Visitation" painted in an unusual style, halfway between Flemish and Italian Primitives. It turned out to be an unrecorded son of a retablo of Mary's life of which three others survive. The retablo is the work of an artist known only by his other retablo, similarly broken up, the Retablo of St. Sebastian.

They have been ascribed to a painter called Josse Lieferinxe, documented as working in Provence from 1493-1508.

Why did discoveries such as these, of which he made many more, fail to keep Bréton happy? Largely, he says, because of the sea change that has affected auction house life in the last four years. Finding and researching pictures took up 60 percent of his time or more when he joined the company. Now this accounts for less than one-fifth. The economic constraints resulting from the fierce competition between Sotheby's and Christie's have led to often self-defeating, cost-cutting efforts.

Marketing has taken over at the expense of connoisseurship. Department heads are requested to submit budget projections a year ahead, which can only be done by imagining things. Consigners rarely send in their goods more than four or five months before a planned sale. Fixed charges are set by administrators for the production of catalogues three months before the sale, on the basis of the estimated value of what is in hand, when the best frequently comes in later, at the eleventh hour, which necessitates impossible juggling. And the list goes on.

LL this made it hard to resist the prospect of joining Blondeau SA, held out to Bréton the moment the expert, now 34, mentioned to Blondeau that he was thinking of looking for other venues. Blondeau himself followed much the same line of thinking a few years earlier. He too found that the upper hand gained by administrators from the world of finance, the increasing volume of paper work and what he described as the management effort at mind control, made the job unattractive. After 18 years spent with Sotheby's where he was one of the pillars of the Impressionist and Modern Art establishment, Blondeau left to set up in September 1987 the world's first art brokerage and consultancy operation led by an insider from the auction world.

His fundamental idea is rooted in common sense. In the present market structure, where auction houses increasingly tend to present themselves as a public service when they are commercial outfits whose aim is, quite naturally, maximum profit, art buyers and vendors need an independent advisory body which has no personal stake in what is sold. The auction house expert who puts the sale together is under pressure to sell as much as he can, for the highest possible price. He is not likely to say candidly that his pictures are not very good, or that his own estimate is inflated. Vendors are confronted with parallel problems. Should they sell a given work at auction? Privately? And just what is the potential value of what they own? On all these scores, the opinions given by dealers or auction house experts could be influenced by their desire to handle the sale.

Blondeau's basic principles are simple. On direct advice to buy he charges a fixed fee, 3 percent at auction, 5 percent in private transactions. On sales he handles, his charge is 10 percent to the vendor, less on important items. Blondeau prefers not to buy from clients. He does so only at the express request of a vendor eager to avoid the publicity of an auction, or dealers, and keen to sell at once. Blondeau then asks him to state his price, which he either accepts or declines.

In the last few years, the operation has taken off. Blondeau SA has been advising on a continual basis 12 to 13 "very serious art buyers." He conducts about 80 transactions a year on a one-to-one basis within a \$50,000 to \$5 million range. In 1991, the operation was extended to Contemporary Art, with Philippe Segalot in charge.

With Old Masters to be handled by Bréton, a new line of substantial business is potentially open to Blondeau SA. Quite a few old-timers, disgruntled at the prices of Impressionist art which they see as out of proportion to the general level of prices, are turning to Old Masters, particularly French 18th-century pictures. From Bréton, they get the in-depth information and detailed coaching that no auction house expert can find time to give, to say nothing of his psychological conditioning. With art consultancy, a third component, equally removed from auction houses and dealers, has been introduced into the art market. It could lead to profound structural changes.



"Le Héron," by Alfred Sisley, top left, and Frédéric Bazille, below. At right, Renoir's painting of Bazille at work.

The Road to Impressionism

By Michael Gibson
International Herald Tribune

PARIS — The style we know as Impressionism was full-fledged in 1869, but the Franco-Prussian War postponed its coming-out party by five years, and it was only in 1874, to an exhibition organized by Nadar's gallery, that the world was finally given the opportunity of discovering the new idiom. The exhibition now at the Grand Palais, which traces the movement's gestation throughout the decade up to 1869, is fascinating for several reasons.

There is the obvious delight of seeing and comparing nearly 200 outstanding or significant works from various parts of the world hanging briefly side by side. There is also something particularly relevant to our present situation: The show opens with a section devoted to the 1859 Salon that may seem appropriate in view of the currently confused state of the arts.

The consensus of critics visiting the 1859 Salon was that the arts were in the doldrums. Craftsmanship had undeniably reached an all-time high, but it was being used to express silly, narrow conceits, and the former hierarchy of established values no longer appeared relevant. Historical painting, which until then had been thought the highest form of art (see David or Delacroix), was on the decline. Religious art was downright moribund. As critics observed, lesser art forms (the landscape, the genre scene) were becoming dominant.

"Art has become a senseless repetition," noted Zacharie Astruc, and Charles Baudelaire, while drawing attention to the works he regarded as outstanding (Delacroix and Fromentin), concluded that there was "no explosion: no unknown genius."

"Art is imagination is without credit," he complained, "grandeur is despised, accent is laid on craftsmanship alone."

These critics were mostly giving expression to a mood, for the Salon offered some fine paintings, including Delacroix's "Ovid Among the Scythians," a wide mountainous landscape in which the traveler is seen reclining and chatting with the barbarians while a docile mare in the foreground allows herself to be milked. But next to that stood the dreary perfection of Jean-Léon Gérôme's "King Candaule" or William Bouguereau's "Day of the Dead."

In this pessimistic perspective, Astruc's conclusion appears all the more prophetic: "Would you believe, as you contemplate this decadence, that one would need at most 10 years, with the help of intelligent stimulation, to bring about the finest period of art?"

The complex web of moods and notions guiding the production of art at the time reflected equally complex social patterns, but other patterns can also be made out. Consider the progression in texture and color between, say, a twilight landscape by Charles-François Daubigny, executed at the inception of this period, and the luminosity of Monet's "Garden in Sainte-Adresse," done in 1867.

It is not just a matter of the former being done in the declining light while the latter stands in dazzling sunlight. Daubigny also painted scenes in broad daylight, but his color scale tends to be muted and somber and, above all, he seems obsessed with the ponderous substance of wood and stone. He does not so much paint the light glancing off various surfaces, as the dense, dark material that lies beyond reach of the light. There is a fatalistic mood here, which is still romantic in a subdued way, rather in the way Flaubert's "Madame Bovary," published in 1856, may be said to partake of both of these states of mind.

The exhibition is divided like the traditional Salon into various subjects: Landscape, the Nude, Figures in a Landscape, Still Life, Portraits, Impressionist Landscape and Modern Life. In each case the shift in the approach over the decade is striking, but it is most obvious in the nude.

Manet's "Olympia" and his "Déjeuner sur l'Herbe" were both found offensive, though for different reasons. "Olympia" was perceived as a prostitute, and her flesh was dull and rather opaque, instead of being pink and translucent. In this sense the sordid aspects of "real life" were seen to invade and degrade the "spiritual and ideal" realm of the arts.

Even stranger and more disquieting nudes, less noticed because of their smaller format, were being painted, toward the end of the decade, by Cézanne. One is "Une Moderne Olympia," with its obvious reference to Manet's work, including a semi-nude black woman who appears to be fanning the woman on the bed. The oddity here is the woman's posture, and the presence of a fully clothed man (as in Manet's "Déjeuner"), who sits there glaring at the woman with sullen intensity.

The difference is that Cézanne was still working out his powerful, apparently dangerous fantasies in extraordinarily violent paintings, while Manet was so much in command of his work, which was socially provocative, but did not reflect a deep, unresolved conflict.

Cézanne, however, ultimately worked his way out of his labyrinth and found a form that was both undeniably modern and exceptionally balanced in a classical sense. It was thus a triumph through art which could only be achieved by first passing through the Dantean inferno of the paintings of aggression and impotence.

ANOTHER illuminating comparison is that of Eva Gonzales's "Enfant de Troupe" and Manet's "Life Player" stands in a real, well-circumscribed space while the latter is set in a luminous void, and Manet's brush stroke already heralds the free-flowing, aerial spirit that came to be called Impressionism.

The shift in social values that occurred at that time in France, and the conflicts this brought on, are apparent in the evolution of the subject matter treated in the arts. But there is also something else, something less easily circumscribed, which appears in the range of colors, the evocation of light, the transition from the laborious, conscientious, craftsmanlike brush stroke to the swift, darting and evocative flick of the brush that catches, not the eternal essence of the figure or the landscape, but the elusive essence of mutability. This was the new preoccupation of the age.

The exhibition remains in Paris to Aug. 8. It goes to the Metropolitan Museum of Art in New York from Sept. 19 to Jan. 8.

Freedom and Chaos for Icon Artists

By Steven Erlanger
New York Times Service

PALEKH, Russia — Katerina Shchenitsina, one of the painters of the fine black lacquered boxes that have made this village famous, is painting icons. She beams the regimen she believes is required for devotional art: mixing the paints with baptismal water, fasting and, worst of all, abstention from television and sweets. But she is a believer, and she can now offer her art to God.

Some 75 years after the Communists banned the icon painting that Palekh had practiced since the 19th century, replacing it with miniatures of Russian fairy tales, songs and Soviet village idylls, some Palekh artists, like Shchenitsina, have returned to religious traditions.

"Morally and spiritually, life is much better than before," said Shchenitsina, 46, who has been painting for 25 years. She held up a stunning miniature with a biblical theme, checking the faces. "It's important to stop painting at a certain point, to avoid making it too sweet," she said.

The same point can be made about Palekh, which reflects the larger society around it in this wrenching transition to a new way of life that has made the town richer, but brought almost as many problems as benefits.

With the collapse of the Soviet Union, for which Palekh itself was a much-publicized cultural icon and source of income, there is much more freedom — artistic, religious, financial, moral — but freedom has also brought disorganization, jealousy and competition. Fakes of Palekh miniatures — originals, which are unique, can cost thousands of dollars — have flooded European and U.S. markets.

produce more: local museums can no longer afford to keep up their collections, and competing guilds of painters cannot agree on rules of trademarks, certification or even a quality committee to protect their reputation.

Most strikingly, there is now variety and a new sense of rivalry. The single artists' union, to which all of Palekh's 350 or so painters once had to belong, has been broken up, along with the monopoly the Soviet Union held on sales and exports.

There are now seven competing guilds, or *artel*, with different organizing principles and

The Soviet Union's breakup has brought new woes to Palekh's artists.

marketing concepts. Without the state as a middleman, artists are now receiving up to 25 percent of the retail price of their work, compared to perhaps 5 percent before.

Green Hill, where many of the artists live in this community of 6,500 people, some 200 miles northeast of Moscow, is now called Capitalists' Hill, and there are more private cars to be seen, both Volgas and Volvos.

The collapse of the Communist government's official atheism has also meant that the exquisite local church, the Cathedral of the Raising of the Cross, which is filled with Palekh's ancient icons and religious frescoes, is no longer a museum. It was reconsecrated last year. But even the cathedral — its tiered, tapering tower recognizable on many Palekh boxes — is having trouble maintaining its cultural treasures.

For local bureaucrats and cultural bosses of the old Communist government, the changes have brought a different kind of disaster. The artists are now uppity and the church is reluctant to let in too many tourists to see the famous murals and icons.

"All these artists want to be creative and independent and take every attempt to control them as dictatorship," said Galina N. Vinogradova, deputy head of the Palekh district administration. "It's right that they should profit more from their labor. But for us it brings chaos, not creativity."

Alevtina G. Strakhova, director of the National Museum of Palekh Art, said with a shrug: "Fewer artists are really concerned about maintaining the purity of Palekh art, and some just trade this reputation for money. They can't even get together to discuss their common problems."

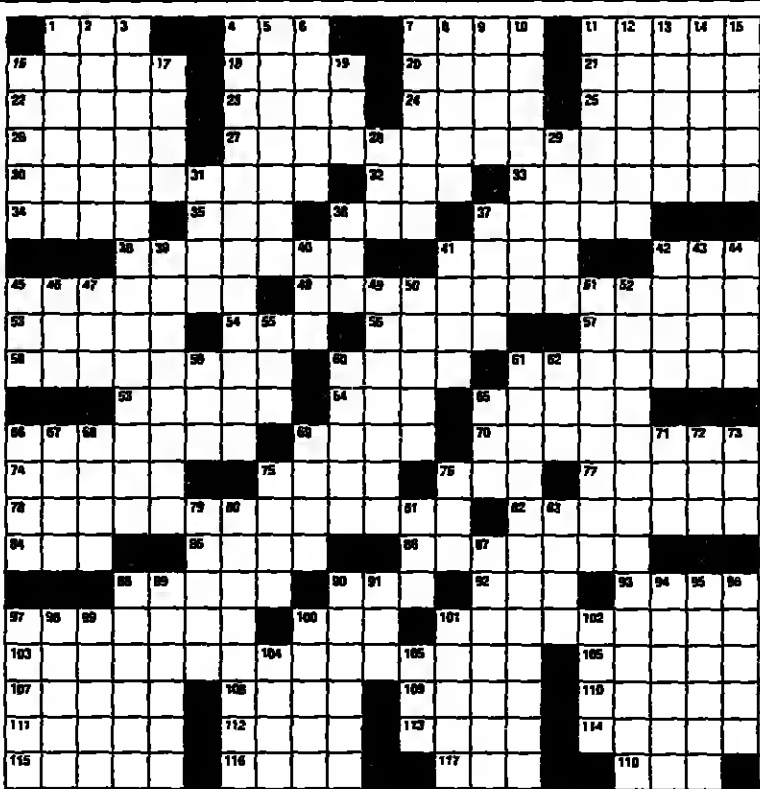
Most of the artists would agree. Alexander V. Dudorov, head of the Association of Palekh Artists, said Palekh is a "good example of socialism transferred into capitalism, with all the problems of instability and ignorance."

"Some put the breakup down in creative issues, but I think it was mostly economic," he said. "In 1989, when the borders opened, artists could travel and finally see the real value of their work." Previously, he said, the artist might get a maximum of 5 percent of the retail price for a box; now, the figure is at least 20 percent. But the West's love of things Russian seemed to peak in 1991, and the subsequent instability of currency, customs and taxes — combined with the surge in bad fakes — has meant a more difficult market and fewer tourists.

"The first to suffer from the results of our perestroika was Europe," Dudorov said. "It was the first recipient of our rubbish, ton." All was the first recipient of our rubbish, ton. A total of 5,000 pieces a year. But the fakes, some of which are postcards pasted to cardboard and covered with floor sealant, are numberless.

MAYDAY! By Peter Gordon

- ACROSS**
- "Mayday!"
 - 34 Sign.
 - 7 D.E.A. worker
 - 11 "to a proolreader"
 - 16 Tear to shreds
 - 18 Mideast airline
 - 20 Expression of trouble
 - 21 Natalie played her
 - 22 Jean Jacques Rousseau work
 - 23 City on Norton Sound
 - 24 Part
 - 25 Noble, in a way
 - 26 Ibeses
 - 27 Simon & Garfunkel's first hit, with "The"
 - 30 Torn to shreds
 - 32 Clear
 - 33 Refinery
 - 34 Spotted
 - 35 "pollol"
 - 36 Marv
 - 37 Collier
 - 38 Treated unfairly
 - 41 First name in fashion
 - 42 Wiesbaden, for example
 - 43 Answers
 - 45 Escapes alive
 - 53 U.S.
 - 54 Meas of hair
 - 56 Not working
 - 57 Lchain, e.g.
 - 58 More plump
 - 60 Building block maker
 - 61 Encase
 - 63 How dogs kiss
 - 64 Resident's suffix
 - 65 Price
 - 66 Triple Crown winner
 - War —
 - 69 Female lobsters
 - 70 Sites of many bravels
 - 74 One-twelfth of a jica
 - 75 "Lester"
 - 76 Film, for one
 - 77 More or less vertical, to a sailor
 - 78 Book before Isaiah
 - 82 With bated
 - 84 Physics unit
 - 85 Workers in Detroit make a dash for it
 - 86 Pickled
 - 88 Grand Canyon transportation
 - 90 Sports club



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Solution to Puzzle of April 23-24

- DOWN**
- Italian painter
 - Martin
 - Narcotic
 - Dirge Strains
 - Gen's topic
 - Go all out
 - "Caligula" author
 - Helped get well
 - Give
 - Place-kicker
 - Benirschke
 - Kings and queens
 - Says "cheese"
 - Expert groups
 - Isn't for a lot of people?
 - Medea's aunt
 - Diner
 - "Live" host
 - Nudge
 - Football Hall of Famer Dawson
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 - Effigy
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MARKET DIARY

Falling Bonds Fail To Depress Stocks

Compiled by Our Staff From Dispatches

NEW YORK — Stock prices rose Friday, bucking a decline in the Treasury bond market as a barrage of economic reports convinced investors that higher interest rates have yet to dampen economic growth and corporate earnings.

The Dow Jones industrial average closed up 13.38 points, at

"there are plenty of excuses for this market to go right down the toilet bowl," said Alfred Goldman, vice president of A.G. Edwards & Sons Inc. in St. Louis.

Friday's performance points up the fundamental strength in the stock market, Mr. Goldman said. "If stocks were really vulnerable, the bond sell-off would have given us an excuse to take it down further."

An increase in single-family home sales and an uptick in a regional consumer sentiment index restored stock investors' faith in the U.S. economy.

Trucking stocks rose on reports of a tentative settlement in the Teamsters strike. Consolidated Freightways gained 1 1/4 to 27 1/2.

Delta Air Lines rose 2 1/4 to 47 1/4 after being upgraded to a buy from neutral by a Dean Witter Reynolds analyst. The airline said Thursday it was slashing jobs in a restructuring. Gateway 2000 fell 1 1/4 to 15 1/4 on active trading after the personal computer maker said its first-quarter earnings fell.

Digi International, which makes data communications hardware and software, fell 1 1/4 to 13 1/4 after it said its second-quarter earnings did not rise as much as analysts expected. (AP, Bloomberg)

U.S. Stocks

3,681.69, while gaining issues outnumbered losing ones by a 3-to-2 ratio on the New York Stock Exchange.

The benchmark 30-year Treasury bond fell 16/32, to 87 10/32, while the yield rose to 7.30 percent from 7.26 percent Thursday.

Stocks are often dragged down when bond prices fall, because the resulting rising interest rates in the credit markets could draw funds away from equities and make borrowing for expansion too expensive. Bonds were hit by concern about inflation that was fueled by the weak dollar and rising commodity prices.

But stocks were surprising some analysts Friday by overperforming bonds for the first time in many sessions. With bond prices lower,

trading activity was brisk.

Many analysts have said that as long as there was no central bank intervention, markets would assume the administration secretly supported a weaker dollar as a way of getting the Japanese to make

concessions in trade talks. A weaker dollar makes imports into Japan more expensive, and a strong yen hurts the business of major Japanese exporters.

Brendan Brown, a London-based analyst at Mitsubishi Finance, said the intervention "shows Fed concern that it does not want a cheaper dollar."

But he added: "I doubt intervention alone will be decisive in turning the dollar up against the yen. That will require further cuts in Japanese interest rates and increases in U.S. rates."

Mr. Persaud said he expected the intervention to "significantly increase the risk" for market operators to go on selling dollars on the expectation the currency would continue to fall.

New York analysts quoted by Reuters said there was talk in the market that the intervention had been prompted by concern that a

falling dollar could damage the U.S. Treasury's quarterly refunding operation next month, when it sells new bonds, notes and bills to refinance the U.S. debt.

The news agency quoted George Tsanetakis of Merrill Lynch & Co. as saying that the prospect of a weak currency at refinancing time was thought to have been a concern for the Treasury.

"The intervention was probably part of a game plan to stabilize the market and see the refunding go smoothly," he said.

Trading Activity Fades

The stock slipped in New York trading as market activity slowed from the hectic period just after the Fed intervention, news agencies reported.

"The market is very quiet; no one likes to play on intervention," one trader said.

The U.S. currency was quoted late in the day at 1,402.4 Swiss francs, down from 1,420 francs at Thursday's close, and at 5,693 French francs, compared with 5,698 francs. The pound gained to \$1,519.00 from \$1,514.00.

An analyst at MMS International said the dollar had been undermined by weakness in U.S. securities markets, which in turn triggered more liquidation of U.S. assets by foreign investors.

(AP, AFP, Reuters)



DOW JONES INDUSTRIAL AVERAGE

Source: Dow Jones & Co.

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Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	3681.69	3697.23	3679.23	3681.69	+13.38
Trans	1634.75	1641.23	1631.23	1634.75	+1.23
Util	1641.23	1647.23	1631.23	1641.23	+1.23
Comp	1300.34	1311.23	1291.23	1300.34	+10.54

Standard & Poor's Indexes

	High	Low	Last	Chg.
Indus	525.24	527.17	525.24	+1.76
Trans	237.87	239.43	237.87	+0.44
Util	237.87	239.43	237.87	+0.44
Comp	410.45	412.45	410.45	+0.41
S&P 500	410.45	412.45	410.45	+0.41

NYSE Indexes

	High	Low	Last	Chg.
Composite	2942.4	2948.4	2942.4	+1.22
Indus	307.87	309.43	307.87	+1.22
Trans	237.87	239.43	237.87	+0.44
Util	237.87	239.43	237.87	+0.44
Comp	410.45	412.45	410.45	+0.41

NASDAQ Indexes

	High	Low	Last	Chg.
Composite	231.21	231.84	231.21	+1.30
Indus	70.84	71.27	70.84	+1.21
Trans	23.78	23.94	23.78	+0.44
Util	23.78	23.94	23.78	+0.44
Comp	410.45	412.45	410.45	+0.41

AMEX Stock Index

	High	Low	Last	Chg.
AMEX	429.72	427.53	429.72	+0.08

Dow Jones Bond Averages

	High	Low	Last	Chg.
20 Bonds	100.34	100.34	100.34	+0.03
10 Utilities	100.34	100.34	100.34	+0.03
10 Industrials	100.34	100.34	100.34	+0.03

NYSE Diary

	High	Low	Last	Chg.
Advanced	1297	1297	1297	0
Declined	621	621	621	0
Unchanged	274	274	274	0
New Issues	28	28	28	0
New Lists	43	43	43	0

AMEX Diary

	High	Low	Last	Chg.
Advanced	1699	1699	1699	0
Declined	1800	1800	1800	0
Unchanged	499	499	499	0
New Issues	11	11	11	0
New Lists	12	12	12	0

NASDAQ Diary

	High	Low	Last	Chg.
Advanced	1699	1699	1699	0
Declined	1800	1800	1800	0
Unchanged	499	499	499	0
New Issues	11	11	11	0
New Lists	12	12	12	0

Spot Commodities

	High	Low	Last	Chg.
Commodity	100.34	100.34	100.34	+0.03
Aluminum	100.34	100.34	100.34	+0.03
Copper	100.34	100.34	100.34	+0.03
Gold	100.34	100.34	100.34	+0.03
Oil	100.34	100.34	100.34	+0.03
Silver	100.34	100.34	100.34	+0.03
Steel	100.34	100.34	100.34	+0.03
Wheat	100.34	100.34	100.34	+0.03
Yield	100.34	100.34	100.34	+0.03

Market Sales

	High	Low	Last	Chg.
NYSE	2942.4	2948.4	2942.4	+1.22
Trans	237.87	239.43	237.87	+0.44
Util	237.87	239.43	237.87	+0.44
Comp	410.45	412.45	410.45	+0.41
S&P 500	410.45	412.45	410.45	+0.41

RUSSIA: Keeping Money at Home

Continued from Page 13

national Monetary Fund's passive stance; that aid should be doled out for meeting goals, such as reducing inflation and deficit spending while keeping Russian interest rates high enough to create a real market for capital.

"Interest rates are now higher than inflation," one IMF official noted with approval. That, he said, gives Russians an incentive to hold their savings in rubles rather than

in dollars and exporters a reason to repatriate their earnings.

On the other side are those eager to take calculated risks, who support the idea of setting conditions but think there is a case for erring on the side of generosity.

"Capital flight is a symptom of state bankruptcy," said Jeffrey Sachs, an economist at Harvard and former advisor to some reform-minded figures in President Boris N. Yeltsin's cabinet.

Market Closed
The stock market was closed Friday for a holiday.

Toronto
The stock market was closed Friday for a holiday.

Sao Paulo
The stock market was closed Friday for a holiday.

Madrid
The stock market was closed Friday for a holiday.

Singapore
The stock market was closed Friday for a holiday.

Milan
The stock market was closed Friday for a holiday.

London
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Stockholm
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Montreal
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AGI
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AGI
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EUROPEAN FUTURES

	High	Low	Last	Chg.
Aluminum	100.34	100.34	100.34	+0.03
Copper	100.34	100.34	100.34	+0.03
Gold	100.34	100.34	100.34	+0.03
Oil	100.34	100.34	100.34	+0.03
Silver	100.34	100.34	100.34	+0.03
Steel	100.34	100.34	100.34	+0.03
Wheat	100.34	100.34	100.34	+0.03
Yield	100.34	100.34	100.34	+0.03

Metals

	High	Low	Last	Chg.
Aluminum	100.34	100.34	100.34	+0.03
Copper	100.34	100.34	100.34	+0.03
Gold	100.34	100.34	100.34	+0.03
Oil	100.34	100.34	100.34	+0.03
Silver	100.34	100.34	100.34	+0.03
Steel	100.34	100.34	100.34	+0.03
Wheat	100.34	100.34	100.34	+0.03
Yield	100.34	100.34	100.34	+0.03

Financial

Jan	94.63	94.57	94.62	+
Feb	94.77	94.27	94.35	+
Dec	93.90	93.77	93.88	+
Nov	93.35	93.20	93.35	+
Jun	92.84	92.78	92.84	+
May	92.38	92.26	92.39	+
Dec	92.02	91.92	92.02	+
Mar	91.76	91.64	91.73	U
Jan	91.57	91.44	91.57	+

MONEY

FIRST COLUMN

Fear Edges Out Greed in New Markets

If you're looking for an introduction to the terrible twins of the financial markets, greed and fear, ask emerging market investors—they probably know at least one of them personally.

The years of plenty—1991, 1992 and 1993—incited some investors to ever more reckless excesses of greed. For some small investors, there was a gathering momentum of avarice that went hand-in-hand with thoughtlessness. The net result was that large percentages of individuals' investable wealth went into emerging market mutual funds. And this despite warnings from commentators and the industry itself that emerging market investment is supposed to be the exciting element in a personal portfolio—the top 10 percent (at the outside 15 percent) of "risk" capital.

After the years of plenty we have had four months of famine. Yet the reaction to the disappointments of 1994 has been, on the whole, surprisingly mature. There have of course been a few shrill cries of "no fair," as though it were not a marketing requirement that fund companies point out that prices can go down as well as up. The reality seems to have treated those caveats with a kind of simple-minded insouciance—the sort of complacency usually reserved for safety announcements on plane flights (sure, it might happen, but not to me).

Pleasingly, and perhaps surprisingly, the majority of small investors is not quite so greedy or so witless. The steadfast refusal to sell at the first snuff of difficult times may be evidence of a mature, long-term attitude to emerging market investment. Cynics might say that what it really betokens is nothing more than plain old investor inertia. The argument runs that it takes a lot to persuade investors to buy, and, once they've bought, they are even more reluctant to sell. But it is too early to tell, so judgment must be reserved on the issue of investor maturity.

As for emerging market performance, the picture remains unclear in the short term—except that it's extremely unlikely that the years of plenty will return soon. Yet, on the principle that these economies really are developing, it seems on balance quite likely that patient investors will get their long-term reward.

M.B.

Cautious Cheer for Africa Markets

By Conrad de Aenlle

IT'S hard to imagine that there are any stock markets left in the world that have not been picked bare by Western speculators looking for higher returns than mainstream markets offer. Fund managers and stockbrokers are an intrepid lot, though, and they are now touting the virtues of investing in, believe it or not, Africa.

A number of stock markets there have been opened to foreigners lately, and they have been accepting the invitations. Institutional investors that specialize in developing markets, mostly pension funds, had 4 percent of their assets in Africa and the Middle East last year, up from less than 1 percent in 1992, according to organizations that track these markets.

Many mainstream emerging market funds, if there are such things, have 6 or 7 percent of their holdings committed there. Even the celebrated investor George Soros is said to have taken a flyer on Morocco.

The bets, so far, are paying off. In spite of unrest created by spreading Islamic fundamentalism in North Africa and vicious civil war in sub-Saharan Africa, many markets have been spectacular performers in a year in which returns almost everywhere else have been not so hot.

Consider these first-quarter results, compiled by Kleiman International Consultants, which follows global emerging markets: Ghana, the biggest winner on the continent, rose 80 percent, followed closely by Kenya, with a 76 percent gain, Zimbabwe, up 40 percent, and Namibia, 34 percent higher.

Morocco and Tunisia were each up 18 percent and Egypt rose 28 percent. Some of the laggards were Botswana, which gained 8 percent, and Swaziland, up 9 percent.

South African shares were flat during the quarter, in volatile trading, in the run-up to the first-ever multiracial elections this week. This market, which has a capitalization of \$180 billion, is in a league of its own in Africa. Some classify it as an emerging market, others as developed. Shares of South African gold producers have traded in the West for many years.

The results in the fledgling markets were figured in local currencies and so were not always as big as they seemed. People who follow these pre-emerging markets, as they are euphemistically called, point out that this is one of the many risks that speculators face. Last year, for instance, the Zimbabwe dollar was devalued by 17 percent, and the Botswana unit, the pula, is depreciating at about 1 percent a month, said Elizabeth Morrissey, managing partner at Kleiman.

In many other countries, however, the currencies are quite stable. Even where that

is not the case, the rewards, at least this quarter, have outweighed the currency risks. Using the example of Ghana, Ms. Morrissey remarked that "if the market's going up 80 percent and you're only losing 12 percent from the currency, you're doing better than in London or New York."

True, but the risk of civil war is less in those cities, too.

Dan Smaller, an emerging markets specialist for Lehman Brothers, notes that political instability is the rule in these countries but that investors who accept that have been well paid. He dismissed the impact of Islamic fundamentalism in Egypt, for instance, by saying that "people realize Egypt has a strong government with a very vocal minority. Local Egyptians are confident in their economy and their market."

One complaint about investing in Africa is that record-keeping and storage of shares does not meet Western standards. "There's still some concern over custody," said one observer of these markets, who insisted on anonymity, "like whether you have to fly over and hold your shares in the hotel safe."

Liquidity is also a problem. The Ghanaian market, for instance, has a capitalization of about \$157 million. Many American over-the-counter stocks are much bigger.

But the markets are growing, mainly because the countries' economies are, as well. One of the fastest is Morocco, where Mr. Smaller forecasts a 10- to 12-percent rise this year in gross domestic product with 9 percent interest rates and 4 percent inflation.

"Each privatization they do has gone extremely well," he added. "They have taken a lot of positive steps to create mutual funds and pension funds. They're moving in the right direction at good speed."

Many governments have privatized state industries and have taken other steps to expand market participation reminiscent of another region that made good.

"Most of the open African markets are going through the same machinations that the Latin American ones did at the end of the 1980s," Ms. Morrissey said. "With continued economic liberalization, companies are going to keep growing."

"A lot of these markets have learned from some of the drawbacks we saw happen with the emergence of other markets," she added.

The markets in southern Africa are also being helped by the lifting of sanctions in South Africa, even if shares in that country itself have not done well.

"One of the major reasons to invest in Africa is that since sanctions have been removed, for the first time in four years the economy is coming out of recession," said Marianne Hay, who manages the Morgan Stanley Africa Investment Fund, a pan-African fund recently listed on the New York

Emerging Markets

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Investing in India
Emerging-market bonds
Ethical investing

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"Quantitative" management methods
Latin American markets

Stock Exchange. Noting that a drought in the country is also ending, she predicted that South Africa's GDP will grow 2.5 percent this year and 4 percent next year.

Two funds that specialize in South Africa were listed in New York around the same time as the Morgan Stanley fund, and broader emerging market funds are likely to increase their exposure in Africa. Barclays Bank announced last week that it was the first fund manager to get U.S. regulatory approval to invest in several central and southern African markets.

Speculators who want to try their hand at picking an individual African stock can go to one of the larger brokers, who in turn can make the purchase through a local firm. The transaction costs will probably be higher than for Western stocks, though.

While the African bandwagon is starting to get crowded, some cautious types are refusing to hop on. One veteran analyst notes that not many years ago, emerging markets were dismissed as "cats and dogs," just like American penny stocks.

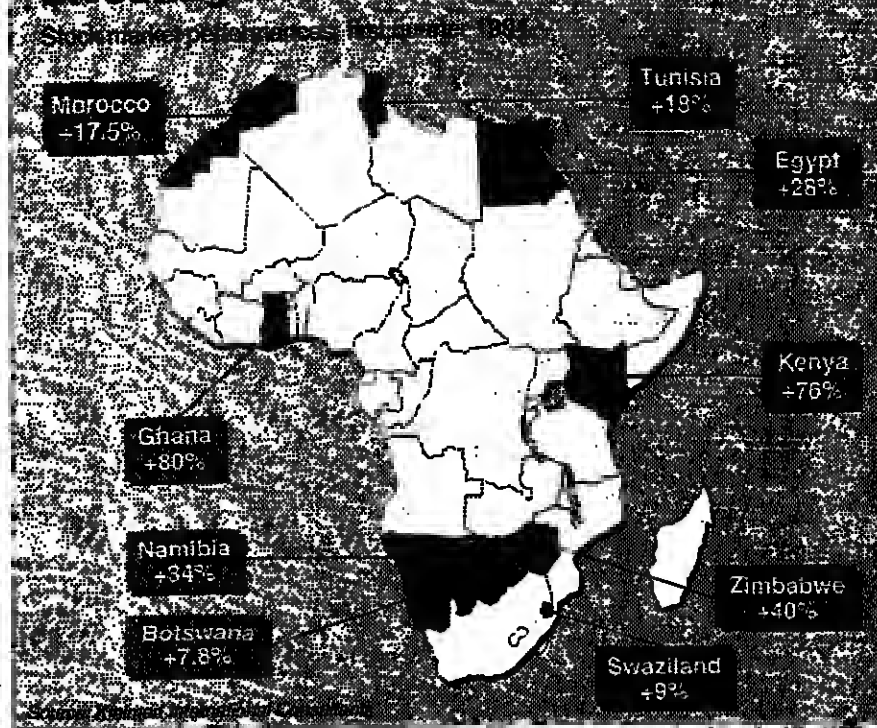
Fans of the markets realize the idea sounds weird to people who are used to buying nothing more unorthodox than General Motors, but they insist that there are tremendous long-term opportunities. Ms. Morrissey said that the average Westerner should put very little money into Africa, but that "it should be part of an emerging markets portfolio, simply to balance what may happen in Mexico and Asia. It's simply part of a broader diversification strategy."

Despite their sudden interest, foreigners still account for a relatively small 10 percent or so of total capitalization in African markets, one of their main attractions.

"You can talk about what Morgan Stanley does from now until forever, but what you've got to look at is that Joe Schmo on the street is putting money into the market, showing confidence in the economy," Ms. Morrissey asserted. "What you have to convince yourself of is that these economies are on the right track finally after 20 years at the abyss."

The Money Report is edited by
Martin Baker

Investing for the Internet



South Africa Funds Start Slowly

THREE African funds listed in New York started trading within a month of each other last winter, anticipating the elections this week in South Africa. The timing turned out to be awful.

The funds were brought to market "on the back of a lot of hype," said Thomas Herzfeld, a specialist in closed-end funds. They all came out at \$15 a share, stayed there briefly as their underwriters apparently supported the price, then sank and haven't come close to \$15 since.

The South Africa Fund and the New South Africa Fund will invest mainly in that country. The Morgan Stanley Africa Investment Fund has much of its assets there, because it is the most liquid market, but it was created as a pan-African fund.

Marianne Hay, the Morgan Stanley fund's manager, said that once the fund is running at full speed, she hopes to keep 35 percent of its assets in South Africa, 20 percent in sovereign debt and 25 percent in Morocco, Botswana, Tunisia and Zimbabwe. The rest will be in shares of Western companies that derive at least half their revenues in Africa.

The Morgan Stanley fund has had the worst showing of the three, dipping below \$10 before climbing back to \$12 after a tem-

ous peace was made between the African National Congress and Zulu nationalists. The violence in South Africa and much of the rest of the continent sent the price of the fund well below the value of its assets.

"In the very short term, we're seeing the worst possible situation in South Africa," said Miss Hay. "In areas like Africa, where you're seeing pictures of violence every day in the press, it scares away investors."

Noting that the continent is the last to attract foreign money, she said that while other regions "have had more attractive short-term returns, Africa will eventually catch up with other areas of the world."

Much of her fund's assets have been in African government debt, which fell with a fund recently, along with most emerging market debt. What has also hurt is a fall in the financial rand, the currency through which all South African transactions are effected.

Dan Smaller of Lehman Brothers finds the market the most exciting in Africa, "even though it's done pretty miserably." He said that with sanctions lifted, the market will soon become a fixture in emerging market indexes, meaning institutions that index will be forced to buy exposure. When that happens, he said, "South Africa will see emerging-market-type investors, not just commodity players and gold bugs."

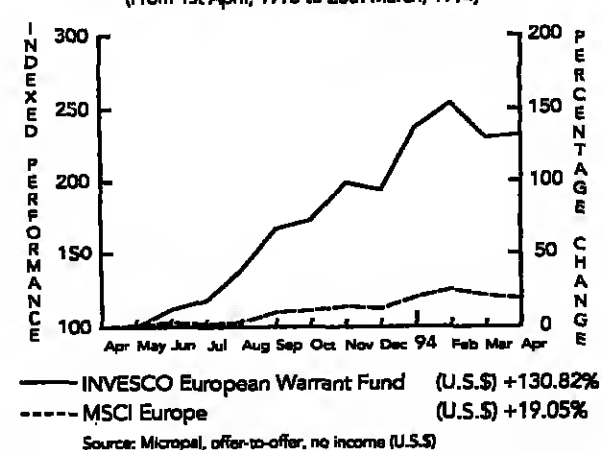
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INVESTCO Fund Performance Comparisons

EUROPEAN WARRANT FUND*

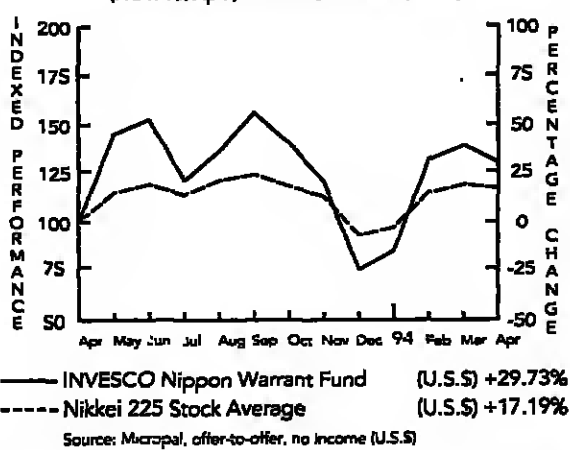
(From 1st April, 1993 to 28th March, 1994)



FUND OBJECTIVE
To provide shareholders with capital growth from a highly geared investment in the European equity market through equity warrants.

NIPPON WARRANT FUND*

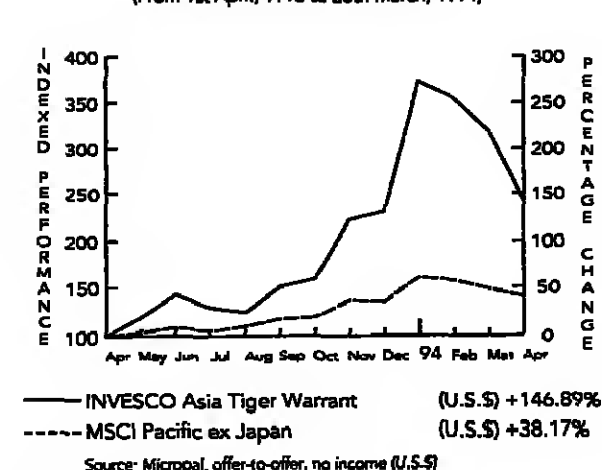
(From 1st April, 1993 to 28th March, 1994)



FUND OBJECTIVE
To provide shareholders with capital growth from a highly geared investment in the Japanese equity market by means of a portfolio of Japanese equity warrants.

ASIA TIGER WARRANT FUND*

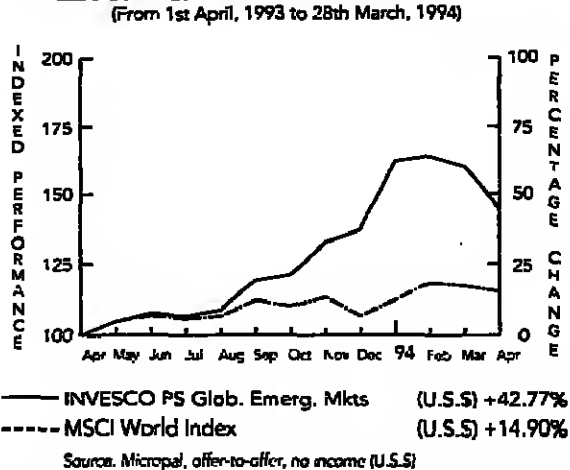
(From 1st April, 1993 to 28th March, 1994)



FUND OBJECTIVE
To achieve long-term capital growth from a highly geared portfolio of Asian equity warrants.

PREMIER SELECT GLOBAL EMERGING MARKETS FUND

(From 1st April, 1993 to 28th March, 1994)



FUND OBJECTIVE
To achieve capital growth from investment in leading companies based in the emerging markets of the world.

* Investors should note that equity warrants are a highly geared form of investment and therefore are categorised as high risk. Typically they should form no more than 1-2% of an overall balanced portfolio.

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THE CENTRAL SOURCE ON FUND INVESTMENT

April - June
Spring 1994
Volume 5, Number 1
A Quarterly Publication
INTERNATIONAL FUND INVESTMENT

A Submerging Market

Indian Funds' Hot Spring Floods Capacity

• Survey: Leading Managers on Conditions • Risk and the Individual Investor •
• The AFI Committee • Venture Capital Partnerships • Expense Ratios Compared •
• Derivative Funds • Derivatives Theories • New Wave Securities Leading •

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30-194

THE MONEY REPORT

India: The Jewel Could Use Polishing

By Philip Crawford

A government committed to economic liberalization, high earnings growth projections in the corporate sector, and the stability of an entrenched shareholder culture have all been cited as reasons why India could develop into the jewel of the emerging-markets crown.

But uncertainties linger: an inefficient settlement system that buckled under the weight of heavy foreign investment during last year's fourth quarter; the problem of volatility common to many emerging markets; and fears that growing foreign competition within India will put a damper on the earnings of domestic equities.

Some analysts also feel that the Bombay Stock Exchange, whose index has gained about 80 percent since mid-July despite a 13 percent plunge in early March, could be due for a major fall.

"There may be corrections in the offing," said George Long, managing director of BZW Investment Management in Hong Kong, which runs two India funds managing about \$485 million.

The consensus on India, analysts say, is that it's still a good long-term play, but also a market that may be plagued with settlement inefficiencies and other growing pains for years to come.

India's securities market is still reeling from the tidal wave of investment capital that hit the country last fall, flooding its outdated, noncomputerized settlement system and prompting the leading custodian bank that deals with investment in India, Hongkong & Shanghai Banking Corp., to take the unprecedented step of indefinitely turning away all new business. That moratorium, which began on Dec. 6, is still in effect.

On Dec. 31, Hongkong bank took the further step of placing limits on the trading volume it would handle from existing clients, such as major fund groups whose products are geared toward international retail investors.

"The basic problem involved the amount of funds flowing into the market, as well as the speed at which they were coming in," said Nick Bryan, senior relationship manager for global securities at Hongkong bank. "We had anticipated about \$500 million coming into the market during 1993, but the figure in fact turned out to be more than \$1 billion."

Another aspect of the backlog which clogged the veins of the market involved the small lots in which Indian equities, traditionally oriented toward domestic retail investors, are traded. "Specified," or

"A" shares, those in the most actively traded 88 companies, trade in lots of 50, while "non-specified," or "B," shares sell in lots of 100.

As the market heated up last year, driven by domestic and foreign players, a typical order by a major fund company or other institutional investor often involved hundreds of thousands of shares. The labor-intensive settlement system simply couldn't handle the volume.

"The market was flooded with share certificates," said Mr. Bryan, noting that each document and a corresponding transfer deed had to undergo many layers of manual processing. The task of registering new ownership of traded shares has now yielded to 5 or 6 months, he said. Thirty days is considered long in developed markets.

A further complication is new legislation enacted in March by the Securities and Exchange Board of India, known as the SEBI, which outlawed the activity of brokers to "roll over" trade, by which they could trade over an extended period without having to pay for the shares. The SEBI's idea was to cut down on speculation, but analysts say the move has also dried up liquidity and set off a small war between brokers and the SEBI.

However, despite these complications that inhibit the ability of mutual fund-and investment trusts — the major vehicles for retail investors in India — to trade in the

market, new India funds continue to crop up. The companies launching these funds say that India's positive aspects outweigh its negative ones, and that although trading can be difficult, it will quite

achieve. This week, for example, London-based Fleming Investment Trust Management Ltd. launched a share offer for the Fleming India Investment Trust, a closed-end fund that will invest in a wide range of Indian equities. Jonathan Boyer, who manages the fund, is that Indian companies are ripe for earnings growth.

"Unlike many emerging markets, India is just coming out of a nasty two- to three-year industrial recession," said Mr. Boyer, who leads the India investment team

Indian Market Funds	
Leading India-invested mutual funds. Total return in U.S. dollars, through March 31, 1994.	
Over one year:	
JF India	182.80
India Magnitude Fund	106.19
India Growth Fund Inc.	77.96
Himalayan Fund	76.70
Second India Investment Fund	50.37
India Fund A	50.33
First India Investment Fund	23.04
SECTOR AVERAGE	78.20
Over three years:	
Second India Investment Fund	412.30
JF India	183.02
India Magnitude Fund	139.73
Himalayan Fund	86.95
India Fund A	72.65
India Growth Fund Inc.	71.22
First India Investment Fund	-0.43
SECTOR AVERAGE	139.30
* return in \$ only	

Source: Micropal

Jardine Fleming Investment Management in Hong Kong. "So you've got economic recovery, declining interest rates, and the long-term positive effects of the deregulation policies that began a few years ago now beginning to feed through. It's a fairly encouraging macro picture."

Mr. Boyer, who also manages the JF India Trust, a \$328 million Hong Kong unit trust, said he expected annual per-share earnings growth in the Indian market to exceed 20 percent for the next three years. Acknowledging the prob-

lems with settlements, he also said that the Indian government was committed to improving the system in line with its policy of bringing the country into the global investment mainstream.

Mr. Long of BZW, which runs the open-ended Bombay Fund Ltd. as well as the closed-end India Fund Inc., which trades on the New York Stock Exchange, said that some estimates put per-share earnings growth in India at closer to 30 percent a year through the end of 1995.

"Settlement and custody issues are major bottlenecks," he said. "And India is still very volatile. But I'm bullish going forward. The market is small as a percentage of the total economy, and unlike Chi-

na, India has a market that has been around for a long time. That gives it a certain stability that China doesn't have right now."

The total market capital of India equities is currently estimated at between \$100 billion and \$120 billion.

Scobie Ward, who manages Hong Kong-based Lloyd George Management's L.G. India Fund, said that India was "research intensive" and that successful stock picking often involved venturing into remote parts of the country to meet the managers of family-owned companies. He added that 10 percent of the L.G. India Fund was invested in global depository receipts, or GDRs, in Indian companies.

Such shares, offered by about 20 Indian companies, are traded on exchanges outside the country. They offer an alternative to investors seeking exposure to India.

Some observers who like the Indian market emphasize that projects such as a central share depository, a comprehensive stock exchange to replace the 23 now in operation, and a computerized trading and settlement system are all under consideration, steps which they say should bring India's efficiency into line with major markets shortly.

Others are not so sanguine. "Things have slowed down a lot since February," said an analyst based in Bombay who requested anonymity. "And some people have forgotten what happened in the fall when the crash really hit. But the systems still just aren't there, it'll be two years before we'll see significant improvement and five years before things will be really smooth."

"The bottom line," he concluded, "is that there are still a lot of problems."

Laurence Rouget-Le Clech, a director at SIDI, concurred with Mr. Vasilin. "A problem we have often run into in Poland is that people only want to make fast money. It is difficult to find responsible entrepreneurs who will carry a business through for as long as a year."

Although the objective is development, not maximal profits, Mrs. Rouget-Le Clech said unethical companies are not necessarily excluded from receiving help from SIDI. "If we made ethical treatment of workers a sine qua non for investment, we wouldn't put any money into Poland."

job of running a profitable fund rather than having to worry about ethical subtleties.

The fund, he said, "is a way for bankers, who do not necessarily know anything about how to help impoverished people, to aid in developing market economies."

Set up in 1991, Euro Solidarité has grown to 132 million French francs (\$23 million). Last year the total return was nearly 21 percent, half of which went to SIDI. Not only do investors know that their money is helping to develop Eastern Europe, said Mr. Vasilin, but they also get a tax break on their profits.

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Leverage Rocks Emerging Bond Markets

By Rupert Bruce

EMERGING markets have recently been dubbed "submerging" markets, and nowhere is the epithet more appropriate than in the bond markets.

Since the Federal Reserve Board starting tightening its monetary policy on Feb. 4, these markets — which are mainly Latin American — have sunk like stones. The Salomon Brothers Brady Bond Index, which measures the capital value of emerging markets' government bonds, fell nearly 20 percent in February and March.

Barton Biggs, director of worldwide equity research, strategy, and economics at Morgan Stanley, blames leveraged investors. "The correction was entirely technical," he says, "and I think it came about because the indignation in other markets and the losses that the hedge funds and other players took forced them to cut back in these markets."

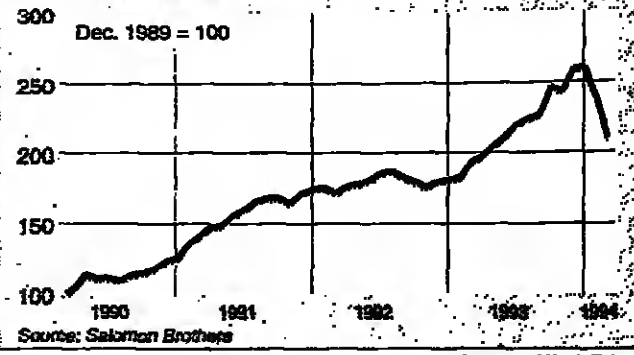
John Purcell, managing director and head of the emerging markets research group at Salomon Brothers Inc., adds that some of the domestic Latin American investment companies were leveraged, meaning that they accumulated the impact of upward or downward moves in the market through the use of such derivative instruments as options and warrants, which can be used to replicate the effect of borrowing money.

Leveraged investors make markets more volatile because if they invest \$1 million and borrow another \$4 million, their investment only has to fall 20 percent for the initial capital to be wiped out. In practice, leveraged investors get called on to put up more capital — or "margin" — as their investments fall and this often leads to selling elsewhere. The result was that there were many forced sellers, and some could not meet their margin calls. In this way market drops can be self-feeding.

Beyond this, political strife in Mexico has sent shudders across the continent. When Luis Donaldo

Stability Wanted

Brady Bond index of emerging market government bonds in U.S. dollar terms.



Source: Salomon Brothers

Colosio Murrieta, the president-elect, was assassinated in March, investors were reminded that political risk still exists. And a couple of kidnappings, one this week, have not helped.

The bull market in emerging market bonds began in earnest at the beginning of 1993. According to Leena El-Ali, a fund manager at Foreign & Colonial Emerging Markets Ltd., the markets had been

driven until then by Latin American flight capital buying them through Swiss banks. But, around the middle of the year, U.S. investors started to buy.

During the year, the Salomon Brady Bond Index climbed more than 40 percent. Many investment funds prospered and grew with it. Foreign & Colonial's Latin American Extra Yield Fund, or LATEX, which is listed on the London Stock Exchange, rose almost 35 percent while its more conservative Latin

Mr. Biggs believes that the fundamental reasons for buying in these markets have improved just as prices have fallen.

He cites Peru as an extreme example. "Peruvian bank debt has gone down from 75 cents to 37 cents, the biggest fall out of any of the papers we follow, and yet in the same period the Peruvian stock market is up, and the Peruvians did a privatization that instead of raising \$1 billion raised \$2 billion. The economy is growing faster than expected at 9 percent, and inflation is coming down faster than expected."

In Peru, like many emerging markets, bank loans to governments are traded in expectation of them being converted to Brady bonds at some point in the future. Mr. Biggs says he is "definitely" a buyer of Latin American bond markets. However, he believes a couple of things have to happen before they can stabilize.

"There are two things the markets need," he said. "First of all, they price themselves off U.S. Treasuries and the problem has been that spreads have doubled in the last three months. Stability in the U.S. Treasury market would help. And, second, they have to get through this indignation, and we are making a judgment it is pretty well through."

Emerging market bonds are priced relative to U.S. Treasury bonds because investors assume they are more risky, and therefore should be cheaper. For that reason, they tend to have higher yields. But as the risk is perceived to decline, so the spread between their yields and those of U.S. Treasuries narrows.

Mr. Purcell is unwilling to predict when stability will return to the U.S. Treasury market and so to emerging bond markets. But he believes that in a year's time the United Mexican States 6 1/2 Dec. 31 2019, the benchmark Latin American bond, will have risen in value by about 10 percent. When that is added to the income yield, it could give a total return of as much as 20 percent.

least 2 percent higher. Any capital gains were a bonus.

For those investors who were not leveraged, the standard investment theme was: Latin America's borrowers were becoming more creditworthy following the dark days of the 1980s when most governments defaulted on their debt repayments. Therefore, the relatively high income yields on the bonds looked secure, and should fall. This would lead to a rise in the capital value.

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Finding 'Ethics' in Developing Markets

By Tom Crampton

CYNICAL observers tend to argue that emerging markets are hotbeds of capitalism ruled by the law of the jungle. The only ethical claim they make is that the market will, in the long term, lift the expectations from misery.

Following the trend of environmentally sound investing, however, some fund managers have begun to build emerging market funds with a conscience.

This sounds nice, but would you know an ethical company if you saw one?

Not outside the United States, said Peter Chines of the Washington-based Investor Responsibility Research Center. The center is an investment research company that gathers information on a list of 500 companies to allow subscribers to screen their portfolios on a variety of social issues.

"We get our information from government sources," said Mr. Chines. "This information is available to anyone on a daily basis."

"It is very different outside the U.S.," Mr. Chines added. "In America there are certain laws that require public reporting, like the Toxic Substances Control Act. The Freedom of Information Act also allows us to go through information that is not intentionally distributed to the public."

Even in developed markets, Mr. Chines said the information is hard to find. "Elsewhere we have found that it is not like the information that is available in the U.S. We did a scoping study in the U.K., but found that it was not feasible."

Beyond a simple lack of accurate information about companies, Mr. Chines said investors must decide what criteria to use. One method is to compare a company's performance against its peers in a given industry. Another method is to judge companies by their gross impact — a given amount of toxic waste is bad no matter who is responsible for it. But the latter criterion, said Mr. Chines, "will lead you to reject large companies, lead you to reject large companies, lead you to reject large companies, lead you to reject large companies."

Two funds, Calvert's World Values Global Equity Fund and Credit Lyonnais's Euro Solidarité, wrestle with ethics in emerging markets using radically different approaches.

The Calvert World Values Global Equity Fund was set up in 1992 with what Steve Schueth, the Calvert Group's vice president for so-

cially-responsible investing, calls a "double bottom line."

"We look at the traditional bottom line, which is quantitative. How much money can we make? Then we look at the second bottom line, in which we try to gauge the quality of the company relating to its products and how it operates," Mr. Schueth said.

He added: "We look at all the stakeholder groups, meaning not just the shareholders, but also employees, vendors and suppliers, the communities in which the companies operate, and the environment. We get a character profile of companies and invest in the most socially responsible managed in any given sector. We look for companies that are head and shoulders above their peers."

Andrew Preston, investment manager at Murray Johnstone International Ltd., which manages the Calvert World Values Global Equity Fund, said that identifying these companies can be difficult.

"The problem is a lack of information or the veracity of that information."

"It is basically impossible to check up on everything a multinational is involved in. We just do it to the best of our abilities," Mr. Preston said. "In many Third World countries, where it is next to impossible to find out enough, we are forced to fall back on negative screening."

The Calvert fund's negative screening checks companies for involvement in the tobacco industry, weapons-making and nuclear power. The positive screening deals

with human rights, the environment and labor relations.

Social conscience aside, Mr. Schueth said, clean companies are a sound long-term investment. "They are less likely to be faced with the liability of a large cleanup tomorrow, if they are clean today," the Calvert fund, with \$107 million under management, returned 325 percent over the past 12 months, according to Bloomberg Business News.

Mr. Schueth is upbeat about the use of ethical investing in emerging markets. "Our U.S.-based socially conscious funds provide us with a history of showing that we can well be doing good," he said. "Unlike a client fund, Euro Solidarité takes ethical problems with its profits, not its investments."

And does not directly invest in weapons markets, and its investments are ethically blind. "For the most part this fund is made up exclusively of French stocks, and we look for the best-performing companies to get as high a revenue as possible," said Michel Vasilin of Credit Lyonnais, which manages the fund.

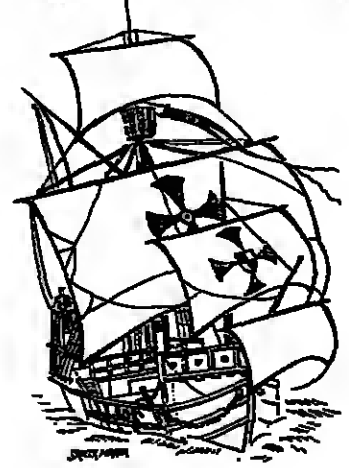
"It is essential that we make as much money as possible, as half the earnings is the Société d'Investissement & Développement International (SIDI), to develop small companies in Central and Eastern Europe," Mr. Vasilin said.

SIDI is a company run by the Catholic bank which organizes loans, trading and Western expertise for small companies in Eastern Europe. Mr. Vasilin said this system allows him to concentrate on the

job of running a profitable fund rather than having to worry about ethical subtleties.

The fund, he said, "is a way for bankers, who do not necessarily know anything about how to help impoverished people, to aid in developing market economies."

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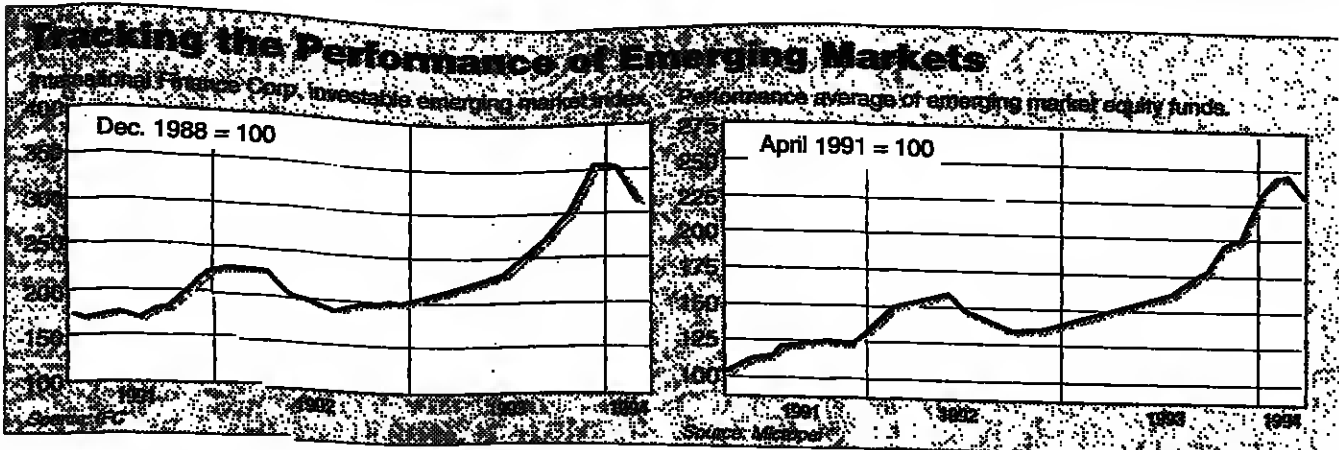
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THE MONEY REPORT



The Third World Goes 'Quantitative'

By Rupert Bruce

A HANDFUL of investment managers from developed markets are bringing number-crunching, computer-aided investment management techniques to bear on companies in emerging ones. "Quantitative" techniques, as these are called, are gaining in popularity and growing in terms of the amount of money they manage.

U.S. firms such as Acadia Asset Managers, Emerging Markets Investors, Montgomery Asset Management, and State Street Global Advisors all swear by these methods. Between them they embrace two approaches: simply tracking one of the global emerging stock markets' indexes, or trying to beat them.

But there is an innate contradiction in their approach: The Third World data upon which they rely are notoriously unreliable.

Arbab Banerji, chief investment officer at Foreign & Colonial Investment Management and a traditional "qualitative" manager who relies on his analysts' judgments about stocks, produces many examples: When the Chinese post an economic growth number they may underestimate inflation and overstate growth, he says; China's interest rates do not give you much of an idea about the cost of money because some just cannot borrow it. And China is far from exceptional, he adds.

He also says that the indexes that these quantitative funds rely on as their benchmarks are flawed as averages of emerging market perfor-

mance. He says the "investable" one—covering stocks that international investors can buy—tend to be high quality but limited in their coverage, while the more comprehensive are not updated regularly enough.

Bryan Schwesky, portfolio manager and a managing director at Montgomery Asset Management, is vigorous in defense. He contends that in markets from Malaysia to Mexico the quality of data is fairly reliable and improving all the time.

He also says it is possible to "wash," or adapt, some data to make them more usable.

"We would say that emerging market data is as good as the United States' was 20 years ago," he said, "and we have been using quantitative techniques in the United States for 20 to 25 years."

Jeffrey Davies, vice president international investments at State Street Global Advisors, says that while the backwardness of emerging markets means that numbers are harder to come by, it also means that they are easier to beat. True, he cannot use some of the highly complex strategies that quantitative techniques use to try and outperform markets in the developed world. But these are not necessary, he says.

"Tilts," which define a stock portfolio to look for cheap stocks measured by such ratios as "price to book value," work in these markets, he said.

"In summary, these markets tend to get to extremes of overvaluation relative to each other and very simple screens allow you to tilt your portfolio and be the market."

But one argument that holds true

for quantitative funds in developed markets does not hold true here. Index-tracking funds have traditionally sold themselves on the grounds that most traditional qualitative funds have tended to underperform the indexes that measure established stock markets. In emerging markets, the opposite is true.

Frank Russell Co., the international investment consultant, has found that almost all of the investment managers on its database have beaten the global emerging markets stock indexes during the last three years. They also boast lower volatility.

"Everyone has their time to the sun and most of these indexes tend to be very heavily weighted in Mexico and Malaysia," said Mark Castellan, senior investment strategist at Frank Russell, adding that the managers did well by concentrating on smaller stock markets.

However, investment managers are far from being consistent performers. Frank Russell has yet to find one that can remain in the top quarter of its performance league table for more than nine months.

Mr. Castellan says this is because the managers tend to take big bets on individual markets. The wild ups and downs of the markets mean they can be big winners one year and losers the next. This is where the quantitative managers who try and beat the indexes think they have an advantage. They say that their approach means they are less affected by swings in market sentiment. Instead, the cool-headed computers crunch economic data and tell them where to invest their money.

Mr. Schwesky contends that his

approach is usually rigorous, given the vast amount of data he collects—macro-economic and from sending analysts to visit companies.

In truth, those quantitative managers who try to beat the markets only use computers as an aid. Montgomery Asset Management, for example, uses its quantitative programs to choose the countries it should invest in, and tends to make the stock-specific decisions itself. It also overrides the computer on occasions, as it cannot make judgments about such recent events as Mexico's recent peasant uprising and the assassination of the ruling party's presidential candidate.

Regardless of their methods, these so-called "active" quantitative funds should be considered as competitors of traditionally managed funds. They show on clear performance advantage over the traditional funds, but some investors may be happier with their rigorous approach.

As for the index trackers, Mr. Castellan says there is a place for them despite their inferior performance. Research has shown that U.S. investors should diversify at least 20 percent of their portfolios internationally for the best trade-off of risk and reward. And Mr. Castellan adds about 2 percent of the portfolio should be in emerging markets.

But that research has been done with reference to the global emerging markets indexes, he says. Anything other than an index fund might invest heavily in stocks that move to closer synchronization with U.S. markets and spoil the diversification.

A Rough Ride in Latin America

By Martin Baker

FEW investors have had so traumatic a start to the year as Latin American enthusiasts. The Trib Latin American index has lost about 8 percent in the year, falling from 122.35 at Dec. 31 to around the 112 mark at the close of the week. And it got there via a mid-February peak of 155.89. That, especially for a five-country index which you might expect in have flatter loss- and gain-curves, is a very rough ride indeed.

Investment prospects have not been helped by a stream of bad news emanating from the area. This week's resignation of Ruth de Krievoy, the governor of the Venezuelan central bank, has knocked confidence in the government's contentious monetary policy. Half the members of the bank's board resigned in sympathy with the governor.

In March, Mexico and many of its Latin American trading partners were hurt by the assassination of Luis Donaldo Colosio Murrieta, the ruling party's presidential candidate.

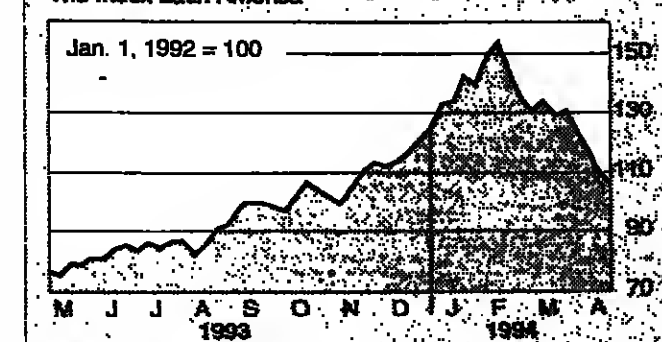
"And then there is the change to U.S. monetary policy and the crucial shift in the direction of U.S. interest rates," said Christopher Poll, chairman and chief executive officer of the international economic data and fund statistics firm, Micropal. Micropal tracks more than 1,000 funds in its "Emerging Market Fund Monitor" publication, and Mr. Poll argues that events have reached a critical juncture for those invested in Latin America.

"The Latin American markets right now are all about investor confidence. The markets have suffered badly this year, but they will bottom if favorable sentiment can be restored. Key to that is U.S. interest rate policy."

Yet the stream of fund investment opportunities to commit capital to Latin America is steady and continuous. Surely the prevailing

Lots of Potential

Trib Index Latin America



Sources: Bloomberg

conditions of uncertainty make for bad timing?

"On the contrary, it's rather good timing," says Bill Parker, a Paris-based director of private banking at Banque Indosuez, which is launching a Luxembourg-domiciled Latin American fund.

"The reaction to the rise in U.S. interest rates has probably been a little overdone. There was a lot of selling, especially in the debt markets, that was for technical reasons. In other words, there were lots of highly borrowed hedge funds which couldn't stay in the market once things moved against them. And their moving out accentuated the falls."

The Indosuez fund will use some of the derivative instruments favored by hedge funds to enhance returns, or hedge against losing profits already made. But, Mr. Parker said, derivative investment will account for no more than 5 percent of the assets invested. The rest of the fund will commit money "purely to equities" across the major Latin American markets. Large companies will account for 30 percent of the portfolio, and 60 percent will go into medium-sized companies, which Indosuez believes is the major growth area in Latin America.

Tony Fraher, managing director of Singer & Friedlander Investment Funds in London, closed the

offer period on his firm's Latin American fund on Friday. Mr. Fraher argues that the markets have plenty of scope for upward movement, thanks in part to sustained global economic activity.

"Look at the oil price. It's around \$15.70 a barrel for Brent Crude. A couple of months ago it was \$13.50. Take into consideration that U.K. oil production has hit an all-time high, and that the OPEC countries are still pumping it out, and you see a commodity that's in plentiful supply, but whose price is still rising. That means demand's up, on the back of economic activity."

The Latin American aspect, argues Mr. Fraher, is that there will be "increased demand for other commodities, such as iron ore. Brazil is the world's biggest producer. Chile is the world's biggest producer of wood pulp, with Brazil not far behind."

A further argument adduced in favor of Latin America is the return of "flight capital." Singer & Friedlander estimates that \$100 billion left the markets during the uncertainties of the 1980s, and that only \$40 billion of that has yet returned, with more to come.

But the picture is not universally pleasing, Mr. Fraher says that investors should choose their markets carefully. He is enthusiastic about

the prospects for Mexico and Argentina.

That enthusiasm finds a more somber echo at G.T. Management in London. "There was an element of market bubble about Latin America, thanks to easy U.S. monetary policies and interest rates. That's gone now—so investors have to be very careful about which markets they choose," said a spokesman. "We don't expect all the markets to move together. The ones we like include Argentina, which seems to be doing all the right things economically. Brazil, on the other hand, has a lot of difficult questions to answer."

The idea of concentrating on the main Latin American markets in difficult times is a common theme in the fund industry. Scudder, Stevens and Clark, the U.S. mutual fund giant with more than \$90 billion under management—\$6 billion of which is in emerging markets—has just unwrapped a new Latin American fund aimed at the mainstream markets.

"Investing in Latin America today has everything to do with investing in wholesale and dramatic change," said Edmund D. Williams, president of Scudder. "Although investors can expect volatility, fundamentals have fallen into place throughout much of Latin America that support the potential for long-term economic growth."

The Scudder Latin America Investment Trust is listed on the London stock exchange. It will "emphasize... Argentina, Mexico, and Brazil with small investments elsewhere in South America." It is intended to offer international investors exposure to the expertise the firm already offers its U.S. clients.

Not all analysts are persuaded, however, that big means best in Latin America. Mr. Poll, for example, puts the small market of Chile "way at the top" of his list.

But in Latin American markets all things are relative at the moment. Even a country which comes out much better than its neighbors may not be a lucrative investment for dollar-oriented investors.

BRIEF CASE

Vanguard Introduces Fund To Follow 12 New Markets

Vanguard Group, an American fund company that is one of the largest providers of index funds, has introduced what it bills as the "first passively managed emerging markets mutual fund for individual investors."

The Emerging Markets Portfolio will try to match the performance of the Morgan Stanley emerging markets index, which tracks 12 developing stock markets in different parts of the world: Malaysia, Hong Kong, Thailand, Indonesia, Singapore, the Philippines, Mexico, Argentina, Brazil, Turkey, Greece and Portugal.

It would be too expensive for the fund, which is expected to have a very low expense ratio of 0.6 percent a year, to buy every stock listed on all 12 markets. Instead, Vanguard will try to achieve close to the performance of the index by putting 95 percent of the fund's assets into a statistically selected sample of about 300 stocks. The rest will be held in cash to handle redemptions.

Most funds that track indexes like the Standard & Poor's 500 keep only a tiny fraction of their assets in cash. The high percentage in this fund reflects the volatile nature of emerging markets, and of the public's affection for them. Many of the Southeast Asian markets, for instance, rose sharply last year and then fell in almost as spectacular a manner a couple of months ago. For that reason, the company is urging investors not to sink their entire wealth into this fund.

"The Emerging Markets Portfolio is designed for individuals who wish to complement a soundly balanced investment program of U.S. and international stocks, bonds and money market holdings," Vanguard's chairman, John Bogle, said in a statement announcing the new fund.

The minimum investment is \$3,000, or \$500 for retirement accounts. Unlike most Vanguard funds, there is a 2 percent entry fee and 1 percent exit fee paid directly into the fund to cover the costs of buying the stocks in the portfolio, which in an index fund tend to be borne by the initial buyers.

Long-Term Growth Seen In 5 Ex-East Bloc Countries

A survey of more than 200 international investors and professional investment advisers who are active in Central and Eastern Europe has found that Slovakia, Bulgaria, Slovenia, Estonia, and Romania are perceived as the next key markets for long-term investment and expansion.

The Central and Eastern European Investment 1994 Research Report, recently published by London-based Global Research,

also found that nearly three-fourths of all foreign investment in the region consists of joint ventures while direct acquisition remains relatively rare.

Global Research's Derek Duggan says: "Lower growth and rising inflation characterize all but a handful of the 23 Central and Eastern European countries, but the report's findings clearly show how the breakup of economic links in the region and current market reforms have renewed the considerable commercial opportunities available to companies, investors, and their professional advisers."

Among other analyses, the 225-page report covers a breakdown of current investments in the region as it looks into the viability and profitability of opening offices in various countries.

For further information, call Global Research at London (44-1) 761-5679.

AT&T Offers Prepaid Cards For Phoning Within the U.S.

France has had its *cartes* for several years, but for the first time, prepaid phone calling cards are now available in the United States.

AT&T, the long-distance phone service giant, is offering the phoneless at their AT&T Phone Center stores throughout the United States. The cards can be purchased in credit values ranging from \$9 to \$30. Unlike European prepaid cards, the U.S. version will not be inserted into a slot on the telephone itself. Rather, the user will dial an AT&T operator and read an identification number printed on the card. Charges will then be automatically deducted from that card's "account" until the credit has been used up.

The cards are only usable within the States, and domestic calls are priced at a flat rate of 60 cents a minute. Samples of international calls are \$2.40 a minute to Europe, and \$3.00 to Hong Kong.

Other long-distance providers reportedly are readying their own versions of the prepaid card. Besides winning new customers, the phone companies have another objective: Making a dent in the billions of dollars lost through fraudulent use of revolving credit calling cards each year.

For more information on the AT&T prepaid card, call (800) 462-1818 in the United States.

Fleming International Put 2 Funds Under 'Umbrella'

Fleming International Fund Marketing is introducing two new funds within its international "umbrella fund." The latest additions to its stable are an emerging-market fund and a European smaller-companies vehicle.

Thanks to the imperfect state of the pan-European market in financial services, the funds are at present only being sold in Ireland, Luxembourg and Britain.

For more information on the funds, call Fleming in Luxembourg at (352) 40.50.40.

International Advisory Group Provides Hedge Fund Ratings

Hedge funds have been one of the hottest investment sectors of the 1990s. They have attracted billions of dollars of investment; they have been the subject of much curiosity, speculation and an increasing amount of publicity—but a number of important questions remain largely unanswered.

Have they been a good investment? Are they really as low-risk as their high-profile publicity claims? International Advisory Group, a Nashville, Tennessee-based firm, is one of very few research organizations that claim to have the answer to these questions.

The group has a database with information on more than 800 U.S. hedge funds, and tracks the quarterly investment performance of 416 funds. The firm claims that it has "the largest database anywhere of U.S. hedge funds."

The group is an SEC-registered investment adviser, and constructs model portfolios for its clients. It also sells its research on hedge funds and their managers.

But how much money should an individual have before investing in a hedge fund? George P. Van, the group's chairman, said, "\$375,000 is the average investment size. But investments by individuals can vary between \$10,000 and \$10 million."

Those with the investable capital and the interest in these funds can obtain more information by calling International Advisory Group at Nashville (615) 377-2949.

New Association In Britain Reports on Mutual Funds

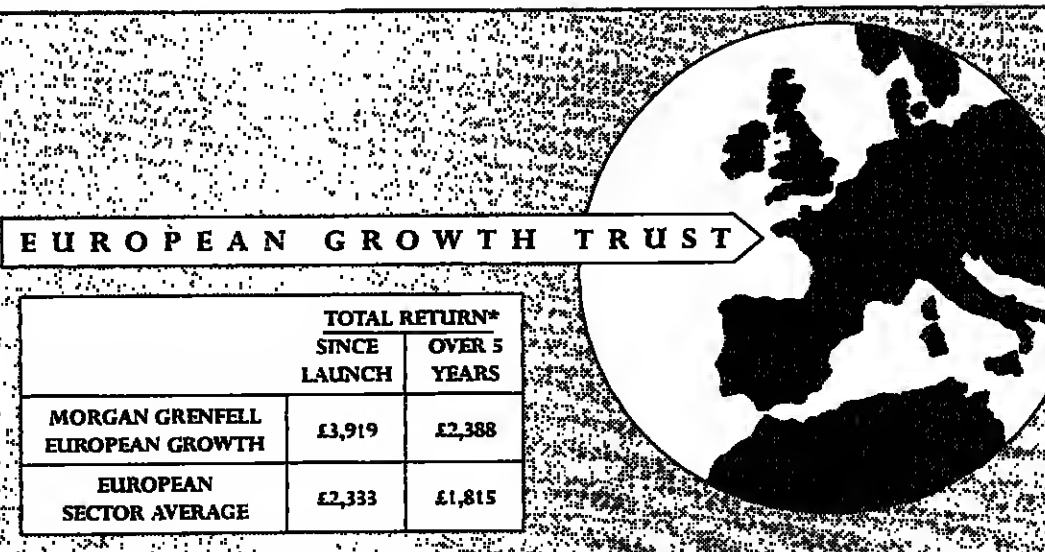
Investors and would-be investors in the British mutual fund market have responded enthusiastically to a new information service started by the British industry's trade association, according to reports from that body. The Association of Unit Trusts and Investment Funds.

In its first seven weeks, more than 7,000 people called the association's telephone service, with 1,500 writing in for an information pack, says the association.

"It is particularly encouraging that almost half the callers own no funds," said Victoria Nye, the association's communications director. "Although it's a \$150 billion industry there is always the danger of preaching only to the converted."

The number of the association's service in London is (44 81) 207-1361. Letters should be addressed to AUTIF, 65 Kingsway, London, WC2B 6TD.

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SPORTS

Maple Leafs Stop
Blackhawks, 1-0,
To Gain Semifinals

The Toronto Maple Leafs will probably remember their last game at Chicago Stadium more than the Blackhawks.

With another strong performance from Felix Potvin in goal, the Maple Leafs beat the Blackhawks, 1-0, Thursday night to win their first-round National Hockey League playoff series in the last hockey game played in the "Madhouse on Madison."

Potvin stopped 27 shots as Toronto closed out the series and the

STANLEY CUP PLAYOFFS

65-year-old hockey arena. The Blackhawks will play in the United Center across the street starting next season.

"Anytime it's a 1-0 game you've got to feel good about yourself," said Potvin, who had three 1-0 shutouts in the series, which the Maple Leafs won by four games to two.

"I'm happy about the way I played in this series," he said. "Hopefully we'll keep it going next series. I don't want to play 60 games like this, but it's fun. Five of the six games were decided by one goal. It's always like this in the playoffs. You want to be focused and do your job."

The Maple Leafs advanced to the Western Conference semifinals. Mike Gartner, a late-season addition from the New York Rangers, scored the game's only goal in the first period. The Maple Leafs went on a power play after Chicago was called for having too many men on the ice. Gartner deflected in Dave Ellett's shot from just inside the blue line with 5:11 left in the period, and that was the only score.

Red Wings 7, Sharks 1: In Detroit, the Red Wings' big guns finally routed to life, pinning down the Sharks.

The Red Wings, who had the best record in the conference and

the fourth-best in the league, scored the first five goals.

Sergei Fedorov, Steve Chiasson, Ray Sheppard and Vyacheslav Kozlov scored first-period goals. Steve Yzerman, who missed the first four games with a knee injury, scored in the second. Dino Ciccarelli connected in the second and third, giving him five goals in the series.

Ulf Dahlén scored for San Jose, the three-year-old franchise that reached the playoffs with a losing record. The teams will play the seventh and deciding game Saturday.

Canucks 3, Flames 2 (OT): In Vancouver, Trevor Linden scored at 16:43 of overtime as the Canucks beat the Flames and tied their series at three games each.

The Canucks' victory sent the teams back to Calgary for a deciding seventh game in the Western Conference series on Saturday night.

Linden lifted a rebound over Mike Vernon, who was sprawled in goal, after Calgary bench penalty in overtime for too many men on the ice.

Austria Falls to Russia in World Hockey

BOLZANO, Italy — Austria showed the high-scoring Russians but lost, 4-1, in the World Ice Hockey Championships on Friday as Quebec Nordiques Andrei Kovalenko and Valery Kamensky each had goals.

In its first two games at the preliminaries, Russia scored 19 goals in shutting out Italy, 7-0, and routing Britain, 12-3.

The Austrians held Russia scoreless for the first 17:20, until Alexander Smirnov struck. Austria tied it at 16:54 of the second on a power play, but Russia went ahead at 18:02 on a shot by Edmonton Oiler Ilya Biakine.

Austrian goalie Michael Puschacher turned back 21 shots in the second period alone. Kovalenko and Kamensky added goals in the third period.

Austria and Canada are tied for first in Group A after three rounds.

In nearby Canazei, Finland routed Norway, 5-1, to move to second place in Group B, a point behind the United States (3-0). Later Friday, Italy was to play Britain.

Russia has yet to be tested in the preliminary round and doesn't meet a real hockey power until its game with Canada on Monday.

Russia's team bears little resemblance to the squad that finished out of the medals at the Lillehammer Olympics two months ago. But there are only five holdovers from the Olympic squad that finished fourth.

In Canazei, left winger Sami Kapanen's two goals powered Finland to a rout of Norway.

Kapanen, 20, put Finland ahead for good early in the second period and soon made it 4-1 with help from Los Angeles King Jari Kurri following a power play by forward Mika Nieminen.

Norway opened the scoring seven minutes into the first period with a short-handed shot by Ole Dahlstrom, but Saku Koivu equalized on the power play 10 minutes later. Defenseman Erik

In Thursday's late games:

In Group A in Bolzano, Canada (3-0) practically assured itself a berth with a 3-2 squeaker over Germany.

Canada's Brendan Shanahan scored a hat trick to back goalie Billy Ranford in a penalty-filled game.

The St. Louis Blues forward evened the match up in the first period after Germany scored an early power-play goal. He added two more goals in the second period.

In the third period, Canada played two men down for more than four minutes and Ranford, the Edmonton Oilers goaltender, held off furious German attacks. Germany made it 1-3 in the 13th minute but was unable to come with the tying goal.

Finland had two assists to remain the tournament scoring leader with seven points.

In Group B, Olympic champion Sweden blanked France, 6-0.

(AP, Reuters)

**Boxer's Death
Revives Debate**

LONDON — The debate in Britain over whether to ban boxing has been renewed by the death of a super-bantamweight contender 48 hours after he was pummeled in the ring.

The boxer, Bradley Stone, 23, died Thursday from brain injuries suffered in a super-bantamweight title fight Tuesday.

But the government rejected calls for a boxing ban. Sports Minister Ian Sproul said Friday: "As there are proper medical safeguards, anybody is entitled to pursue the sport that they wish."

Dreams and Drugs:
Tennessee Player's
Rough Road to NFL

By David Nakamura
Washington Post Service

PHILADELPHIA — The gathering last Sunday was designed to fulfill every mother's dream. Coetta Garner, mother of four, had invited 300 people to the Bailey's Crossroads Community Center, near her home in Falls Church, Virginia, to watch the National Football League draft on the screen television. Surely, it would not take long to find out whether her son Charlie, the youngest in the family, would be selected.

A standstill for two seasons as a tailback for the University of Tennessee — and, before that, the Virginia prep school — in 1989 — Charlie Garner had been pegged as a first-round pick. But there was something Coetta Garner didn't know.

Until Charlie told her that day. "I pulled her aside and told her that some things might be said about me on television to prepare yourself," Garner said. He was at Veterans Stadium, as he had been on draft day.

And so it was that his mother found out that he had failed an NFL drug test, registering positive for marijuana use. Shortly thereafter, ESPN, televising the draft live, broke the news to the public. Soon, the first round ended, and Garner had not been selected.

"I was very, very disappointed, to the point where I had to breathe hard to readjust myself and carry on the rest of the day," Coetta Garner said. "I had 300 people at my house who were going to be looking at me."

Eventually, Garner went to the Philadelphia Eagles, who took him in the second round, 42d pick over all, the sixth signing batch chosen. The joy he was quickly tempered when he was put on a conference call with reporters, who hammered away questioning him

about his past until the team's public relations staff cut short the questioning. Not only was there the marijuana question, but as a high school senior Garner had been jailed on a cocaine possession charge.

"I put myself in those positions, and I assume full responsibilities," Garner said as he neared the end of his first tour of the Eagles' headquarters. "But the one instance where they said I had possession of cocaine was truly false. I was standing outside my grandmother's house, which happened to be a drug-infested area, and it was a drug sweep and everybody who was standing out there got locked up."

That charge was eventually dropped, although it cost him a night in jail and his family \$2,000 in legal fees. Garner also denies smoking marijuana. He said that on the night before he was tested at the NFL scouting combine in Indianapolis, he was at a gathering at a friend's house. While some people were smoking marijuana, Garner said, he was playing video games.

After San Diego State's Marshall Faulk — the consensus No. 1 running back — Garner had been rated among the next batch, which included Texas A.M.'s Greg Hill, Florida State's William Floyd, Florida's Ernie Rhee and Arizona's Chuck Lewis. They were all drafted ahead of him.

In line with NFL policy, Lawrence Brown, the doctor in charge of substance abuse drug cases, notified all the teams about Garner. The league would take no other action; it would be up to the teams to decide.

"Teams have different philosophies," said Tom Donahoe, the Pittsburgh Steelers' director of football operations. "Sometimes, if you think a guy might have a character flaw, you back off."

SCOREBOARD

Major League Standings

AMERICAN LEAGUE			
East Division	W	L	Pct.
Boston	12	7	.632
Baltimore	14	7	.667
New York	13	8	.619
Toronto	13	9	.591
Detroit	4	14	.290
Central Division	W	L	Pct.
Chicago	13	9	.591
Minnesota	12	9	.571
Kansas City	9	10	.476
Minnesota	10	10	.500
West Division	W	L	Pct.
Seattle	9	12	.429
Texas	9	14	.391
California	9	14	.391
Oakland	10	15	.400
NATIONAL LEAGUE			
East Division	W	L	Pct.
Atlanta	13	6	.688
Montreal	11	10	.524
New York	11	10	.524
Philadelphia	10	10	.500
Central Division	W	L	Pct.
Cincinnati	14	6	.700
St. Louis	12	7	.632
Houston	11	10	.524
Pittsburgh	10	10	.500
Chicago	6	14	.300

Thursday's Line Scores

AMERICAN LEAGUE	W	L	Pct.
Boston	12	7	.632
Baltimore	14	7	.667
New York	13	8	.619
Toronto	13	9	.591
Detroit	4	14	.290
Central Division	W	L	Pct.
Chicago	13	9	.591
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Kansas City	9	10	.476
Minnesota	10	10	.500
West Division	W	L	Pct.
Seattle	9	12	.429
Texas	9	14	.391
California	9	14	.391
Oakland	10	15	.400

NBA Playoffs

First Round	W	L	Pct.
Los Angeles	12	7	.632
San Antonio	11	8	.577
Phoenix	10	9	.526
Portland	9	10	.476
Utah	8	11	.421
San Diego	7	12	.368
Golden State	6	13	.316
Seattle	5	14	.263
Memphis	4	15	.211
San Jose	3	16	.158
San Francisco	2	17	.105
Los Angeles	1	18	.053

The Michael Jordan Watch

THURSDAY'S GAME: Jordan went 1-for-4 with a two-run double, a run scored and a walk in a 9-4 victory of Milwaukee. He struck out once. Jordan scored from first on a double and handled a base hit and a fly ball in right field.	W	L	Pct.
Chicago	12	7	.632
San Antonio	11	8	.577
Phoenix	10	9	.526
Portland	9	10	.476
Utah	8	11	.421
San Diego	7	12	.368
Golden State	6	13	.316
Seattle	5	14	.263
Memphis	4	15	.211
San Jose	3	16	.158
San Francisco	2	17	.105
Los Angeles	1	18	.053

Japanese Leagues

Castro League	W	L	Pct.
Yamori	12	6	.667
Chunichi	10	7	.588
Yokohama	9	8	.526
Yokohama	8	9	.476
Hiroshima	7	10	.412
Hiroshima	6	11	.353
Friday's Results	W	L	Pct.
Yamori 2, Hiroshima 1	12	6	.667
Chunichi 4, Hiroshima 2	10	7	.588
Yokohama 9, Yokohama 8	9	8	.526
Yokohama 8, Hiroshima 7	8	9	.476
Hiroshima 7, Hiroshima 6	7	10	.412
Hiroshima 6, Hiroshima 5	6	11	.353

Baseball

THURSDAY'S RESULTS	W	L	Pct.
Los Angeles 12, Milwaukee 9	12	7	.632
San Antonio 11, Phoenix 8	11	8	.577
Phoenix 10, Portland 9	10	9	.526
Portland 9, Utah 8	9	10	.476
Utah 8, San Diego 7	8	11	.421
San Diego 7, Golden State 6	7	12	.368
Golden State 6, Seattle 5	6	13	.316
Seattle 5, Memphis 4	5	14	.263
Memphis 4, San Jose 3	4	15	.211
San Jose 3, San Francisco 2	3	16	.158
San Francisco 2, Los Angeles 1	2	17	.105

Baseball

THURSDAY'S RESULTS	W	L	Pct.
Los Angeles 12, Milwaukee 9	12	7	.632
San Antonio 11, Phoenix 8	11	8	.577
Phoenix 10, Portland 9	10	9	.526
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Utah 8, San Diego 7	8	11	.421
San Diego 7, Golden State 6	7	12	.368
Golden State 6, Seattle 5	6	13	.316
Seattle 5, Memphis 4	5	14	.263
Memphis 4, San Jose 3	4	15	.211
San Jose 3, San Francisco 2	3	16	.158
San Francisco 2, Los Angeles 1	2	17	.105

Baseball

THURSDAY'S RESULTS	W	L	Pct.
Los Angeles 12, Milwaukee 9	12	7	.632
San Antonio 11, Phoenix 8	11	8	.577
Phoenix 10, Portland 9	10	9	.526
Portland 9, Utah 8	9	10	.476
Utah 8, San Diego 7	8	11	.421
San Diego 7, Golden State 6	7	12	.368
Golden State 6, Seattle 5	6	13	.316
Seattle 5, Memphis 4	5	14	.263
Memphis 4, San Jose 3	4	15	.211
San Jose 3, San Francisco 2	3	16	.158
San Francisco 2, Los Angeles 1	2	17	.105

DENNIS THE MENACE



RUFF'S BARK IS JUST A SOUND BITE.

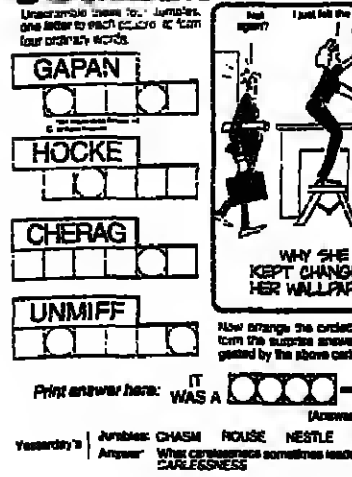
PEANUTS



CALVIN AND HOBBES



JUMPER



BLONDIE



BEETLE BAILEY



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WIZARD OF ID



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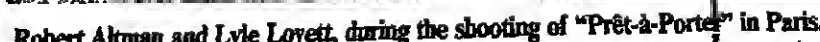
Bring Up the Tank

This is what people who answer the phone at, for example, the electric company, go through every day. It doesn't mean that they get calls about incorrectly cautioned roose

Lyle Lovett: Visitor From Country Music

MARY BLUME

words of Rolling Stone, with wicked intelligence and absurdity and wit.



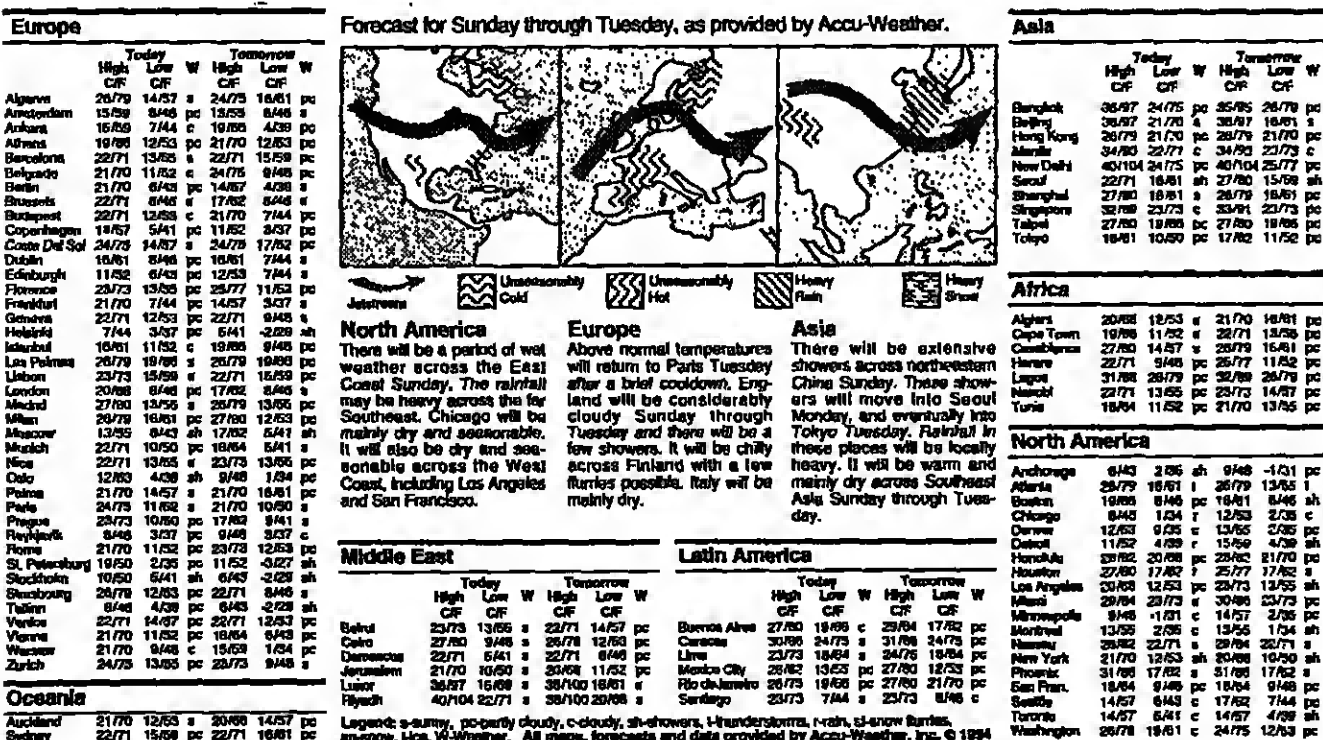
In addition to traditional country singers,

With Altman's films and his marriage to Hollywood's biggest female star Lovett

about most of the time, "to write a good story and write a good song."

CLASSIFIED
Appears on Pages 4 & 7-10

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



French Cult Figure Posthumously Stirrs AIDS Debate

story of a bisexual filmmaker who falls for a teenage actress and has unsafe sex with her without disclosing that he has the AIDS virus.

A few days earlier, Françoise Giroud's "Diary of a Parisian" was published, in which she wrote about meeting an unnamed writer who said he was gay and had contracted AIDS.

bastard," she said. "He was just a living person, of flesh and bones, that's all. The truth or not the truth matters little. There are no guilty parties. There are only victims."

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